

REPORT

719

OF THE

COMMITTEE APPOINTED TO EXAMINE

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INTO THE STATE OF THE

Jan. 21. 1829

BANK OF PENNSYLVANIA,

AND

PHILADELPHIA BANK.

Read in the House of Representatives, February 10, 1829.

Harrisburg,

PRINTED AT THE OFFICE OF THE REPORTER.

1829.

REPORT, &c.



Mr. Simpson, from the committee appointed to examine into the state of the bank of Pennsylvania and Philadelphia bank, made

REPORT:

That they proceeded to Philadelphia, and examined on oath such directors, officers and others, as they deemed necessary for the objects of their appointment. The result of the examination they now present to the House.

Against the bank of Pennsylvania public opinion had been much excited, and the belief was general that some of the directors and officers had combined with brokers and others, to take the loan of two millions, to the injury of the bank and to the government. It was also the impression, that mismanagement of the institution in stock operations, had so diminished its means, that it possessed little capital for banking business; the committee therefore felt it an imperious duty to subject the bank to a rigid scrutiny.

During the investigation, a committee appointed by the bank, furnished all the information required, (except in one instance hereafter mentioned) and afforded every facility to the joint committee.

When facts connected with accounts of private individuals were examined, your committee contented themselves by an investigation sufficient for them to arrive at a conclusion; but in no instance did the committee consider it their duty to report the names of private individuals, except where public advantage required it.

In the examination into the state of the bank of Pennsylvania, the objects were: *First*, To ascertain the circumstances connected with the loan of two millions, and whether the taking of that loan had injured the bank, or had deprived the government from obtaining a premium. *Secondly*, The management of the concerns of the bank, and the actual state of the institution.

THE LOAN.

On the 28th of May, 1828, public notice was given by the secretary, that agreeably to the act of 24th March, of that year, proposals would be received at his office, at Harrisburg, until 5 P. M. of the first of July, 1828, for loaning to the commonwealth, for

canal and rail road purposes; the sum of two millions of dollars; the principal to be reimbursable at any time after the first December, 1853, certificates of stock to be transferable, bearing an interest of five per centum per annum, payable half yearly.

On the first July, 1828, proposals were received from banks and individuals, as follow, viz:

Isaac Wayne, of Chester county, \$ 3,000, at 2 per ct. premium.

John Shields, of Philadelphia, 2,000, at $3\frac{1}{2}$ premium.

The Farmers' Bank of Lancaster for \$50,000, without premium, provided that the temporary loan of \$ 50,000, recently made, should be transferred to the permanent loan.

The York bank, for \$ 20,000, at par.

Lancaster bank, 25,000, at par.

The Bank of Pennsylvania offered to take the whole loan at par, or if that offer was rejected because of better bids, then to pay for the whole stock one per cent. above the value of the premium on so many of the best bids from other sources as, when taken together, should not be less than \$ 800,000 nor more than \$ 2,000,000, provided that the bank should not thereby pay more than \$ 101 for every \$ 100 in stock; these offers not to apply to less than the whole stock.

The offer of the Bank of Pennsylvania was accepted, and they took the whole loan at par.

On the seventh of August, of the same year, the public improvements of the state demanded a larger amount of money than had been anticipated, and the bank was called upon for earlier instalments than had been agreed upon. The bank promptly met the exigencies of government, and advanced \$ 293,098, on account of future payments.

On the 16th September, 1828, another call was made upon the bank for an amount of from \$ 100,000 to \$ 200,000, in anticipation of future instalments of the loan in October and November, in addition to the monthly instalments fixed by a previous arrangement.

On the 22d September, the bank could give no satisfactory answer to the government; but on the 8th of October they advanced \$ 50,000; on the 8th of November \$ 10,000, and on the 19th of the same month \$ 97,000.

On the 21st November, 1828, a further advance in anticipation was called for of \$ 152,000, of which \$ 65,000 was wanted immediately, to meet the demands on the treasury. On the 1st December, 1828, the cashier informed the Governor that on Wednesday the board of directors did not think the state of the bank sufficiently favorable to justify the advance of so large a sum, and that the subject had been twice postponed. On the 5d of December the bank advanced \$76,000, in anticipation of and in full of the instalments payable on the first of January, 1829.

The whole correspondence between the government and the bank shows, on the part of the former, pressing demands for money at earlier periods than the agreement called for, and a disposition on

the part of the latter to subject themselves to considerable inconvenience to meet the exigencies of the state.

Much censure has been cast upon the institution, respecting the investment in the loan which your committee after a scrutinizing investigation believe to be groundless. That the loan could have been obtained from individuals, and that a good premium would have been paid upon the stock, had proper measures been taken on the part of government the committee have every reason to believe, but they much doubt whether the loan would have been taken at all under the arrangements for disposing of it, had not the bank made the offer and used considerable exertion.

On the 4th of April, 1828, the office of commissioner of loans was created with power to issue and sign certificates of stock pertaining to the loans of the commonwealth.

On the 21st of June, 1828, the Governor offered the commission to Joseph P. Norris, Esq. president of the bank of Pennsylvania, who declined accepting; and on the 18th of July of that year Elihu Chauncey, Esq. cashier of the bank of Pennsylvania was appointed, who by the approbation of the board of directors accepted the appointment on the 30th of July.

As all the previous loans had been contracted for with corporations, and as individuals who offered for portions of them had not been accommodated, monied men would not be likely to look for a change of the policy and would naturally expect that banks would be favored in preference to individuals, and that there was little use in making application; besides persons investing money prefer being on the spot where the arrangements are to be made. Public notice for proposals to be received at Harrisburg would scarcely be noticed, and if so, would not be attended to. If books had been opened in Philadelphia or if the stock had been put up at auction there, in amounts suitable to the state of the market, a very different state of things would have resulted.

A commissioner of loans had been appointed, but at too late a period to be so useful as could have been wished, and with powers too restricted to meet the occasion; with the title of commissioner, his duties were no more than those of a mere transfer clerk, and such was the want of system connected with his office, that so late as October, the holders of \$141,151 of stock were prevented from sending it to England, from a delay at Harrisburg in forwarding the certificate.

In the loan of \$2,000,000, the directors of the bank were unwilling to invest, and they were only induced to offer on account of the circumstances in which they were placed. A majority of them believed that unless the bank offered for the loan that it would not be taken. The consequences of which would have been highly detrimental to the government and to the bank. The latter held a large amount of state stock which they would have found a difficulty in disposing of, or of effecting sales without great sacrifice and consequent injury to the institution. Under these impressions the board agreed to offer for a portion. No director wished to increase the

amount, and the majority viewed it not as a measure of speculation, but as one of protection.

A committee was appointed to take the loan, clothed with the same powers that similar committees had exercised, and nothing was left to their discretion but the manner in which they should take, and the price which should be paid. The proceedings of the committee were reported to and approved by the board. The cashier acted under the direction of the committee, and executed the instructions to their entire approbation. He called on the capitalists of the city to induce them to participate, and made propositions to a number of monied corporations, to most without success; and finally the loan was taken as follows:

Bank of Pennsylvania,	\$ 514,200
Bank of Chester county,	25,000
S. & J. Nevins & Co.	80,000
Wm. Brown,	250,000
E. & W. Coleman,	50,000
James Paul,	61,000
John Brown,	8,000
Daniel Caldwell	3,800
Thomas & J. G. Biddle,	800,000
Robert Ralston,	90,000
William Sansom,	50,000
Caleb Brinton, jr.	23,000
T. & S. Wagner,	25,000
Norris Stanley,	12,000
Benjamin Chew,	8,000
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	\$2,000,000

The participators in the loan obtained their portions on the same terms as the bank of Pennsylvania. From the first stock paid in, security was retained by the bank for the subsequent payments, and no stock was transferred until payment was made, excepting \$ 113,530, due on the first January, 1829, all the payments were made when the joint committee was in Philadelphia; and it does not appear that accommodations had been given to the participators to enable them to meet their stock engagements. The whole amount of *business* paper discounted for them is \$ 36,539 68; of this \$ 25,350 has been paid; the remainder was not due when the committee left the city. The only accommodation note was for \$ 2000; the renewal was for sixty days, at the expiration of which it was paid.

Your committee, notwithstanding they believe that under proper arrangements the loan could have been obtained on better terms than it was, are of opinion that no blame ought to be attached to the bank, as that institution used every exertion to have the loan taken; and no evidence was adduced to show that the bank had used any means to prevent any corporation or individual from offering for the loan, or from participating with them in the investment; and much credit is certainly due to the board of directors for the

promptitude with which the repeated demands of the government for money in anticipation of instalments were met.

Whether the pressure on the bank was to any great degree caused by its stock investments is problematical, as so many causes operate on the money market. Some of the participators were brokers, who are the agents of others for the purchase and sale of stock, constantly attending to the changes and fluctuations of money, and making it the business of life to watch the causes at home and abroad which operate on the market, they are better qualified to act with promptitude and to make their transactions profitable, than a corporation, where many persons are to be consulted, and which, from its very nature, is slow in operation. It is not, therefore, a matter of wonder that in the disposal of stock, brokers obtained a better price than the bank, and had the start in the market.

The amount of state stock sold by the bank in the city, since the loan of two millions was taken, is \$ 221,842 78; and the prices obtained since the first of August (the buyers taking the interest from that date) have averaged 103.39. This is but a small advance, considering the difference between transactions for large and small amounts.

Mr. Thomas Biddle, a broker, stated on his examination, that within a week after the contract, the stock sold at $1\frac{1}{2}$, and within a month for $4\frac{1}{2}$ above par; the amounts were 40,000, 50,000, and 60,000.

Before taking the last loan the bank sent some stock to London, for sale. The limit they fixed was at a price not less than 95 per cent. in London; the rate of exchange here was at that from 110 to 111.

On the 25th October, the Messrs. Barings, of London, were instructed to sell at the current market price, but not to sacrifice by forcing it in market. Bills were then selling at about 111.

Of the state stock \$ 107,000 have been sold in London, of which \$ 24,000 was sold at $96\frac{1}{4}$, and the remainder at 95. The highest rate at which the bank has sold its bills on Messrs. Baring and Co. is at $111\frac{1}{2}$; the lowest rate $108\frac{1}{2}$. The nett is not ascertained, as the bank has not received Baring's account current. The bank has, however, sold at from $3\frac{1}{2}$ to $7\frac{3}{4}$ above par.

The bank of Pennsylvania at present has on hand but one certificate of the late loan, amounting to \$ 207,832.

Taking every circumstance into consideration, your committee are of opinion that the investments in the loan of two millions has not proved profitable to the bank. That the large amounts of money advanced in anticipation of instalments, to aid the state, have tended to prevent the bank from discounting so much paper, as under other circumstances would have been done, your committee have no doubt; but they are not of the impression that this cause has operated to any great extent.

That the bank has, for want of means, been compelled in some cases to diminish the amount of its discounts, is a fact well estab-

lished. This state, which is called a pressure, is not uncommon with banks possessing the best credit; and in the present case does not appear to have been confined to the bank of Pennsylvania, but to have been general in its operation, and on this bank it was very small. At the time of the pressure specie was exported to Europe in large quantities, and the banks had to husband their funds.

The want of means to discount business paper in the bank of Pennsylvania has been attributed to the large loans made to brokers. In one year \$189,000 was discounted for one broker. Such loans are made on pledges of stock at five per cent, being less than that of ordinary business paper. As brokers are to a great extent the agents for procuring specie for exportation, your committee think such loans were injudicious.

One of the directors, Mr. John T. Sullivan, stated that one broker had received during one year \$214,526, at five per cent whilst good business paper amounting to \$1,500,000, which would have paid 6½ per cent. had been rejected. Whether his opinion of the quality of all this paper be correct or not the joint committee do not pretend to determine. There was sufficient evidence to convince them that brokers had been indulged to too great an extent. Loans to them on pledges of stock are however small at the present time amounting only to \$7000.

The committee of the bank stated that occasionally when money was abundant, it has been the practice of the president to discount notes. This is a power which the directors had no right to delegate. It gives an individual the power of granting and renewing loans, at pleasure to a great extent, and places at his disposal and control a large amount of the capital.

The board in delegating such power have clearly violated the 11th section of the supplement of 1794 to their charter, which expressly provides "that seven directors shall constitute a board for the purpose of transacting the discount business of the bank."

To this violation of the charter may in a great measure be attributed the fact, that when the curtailment of discounts fell on the business paper of the merchant, loans on stock pledges to brokers and speculators were but little effected; it was alleged by one witness that the discounts to the merchants were curtailed to prevent them from exporting specie; but brokers are the principal agents in collecting money for exportation, and should not have been favored.

The general statement of the bank and its accounts with the branches, appended to the report, will show the state of the bank. For information on points contained in those documents, the committee refer to the answers of the cashier given on oath, and to those given by the committee of the bank marked

From a careful examination your committee have the satisfaction to report, that they believe the bank to be in a prosperous condition, and that its state of credit entitles it to public confidence.

The number of directors the joint committee think might be reduced with advantage. The state holds three fifths of the stock,

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yet out of twenty-five directors six only are appointed by the legislature. In the United States bank the general government holds one-fifth of the stock, and is represented in proportion. Why the state should be placed in a different position with regard to the bank of Pennsylvania, your committee are at a loss to conceive; and during the investigation, it was apparent that however talented the state directors may be, the paucity of their number makes them mere spectators instead of active promoters of the interest of the stock they represent. Your committee are unanimously of opinion, that should the legislature deem it politic to retain the stock held by the state in the bank, that the directors elected by the legislature should be in proportion to the amount held.

Conduct of the Officers.

On this point the committee have deemed it advisable to condense the testimony given on oath or affirmation by clerks and other respectable citizens.

George Clay, second book-keeper, stated that the cashier's account for the last year up to August, was about five hundred thousand dollars: that since that period it had rather decreased: that the cashier had deposited checks to be placed to his own credit, and drawn money upon them: that checks on other banks had been so deposited: that under certain circumstances, it is customary to receive on deposit checks on other banks, and that such checks always go to the bank on which they are drawn, on the first exchange day, and that those deposited by the cashier had taken that course.

That the cashier had been in the habit of applying cash remittances from other banks to his own credit, instead of to that of the bank by which the remittances were made; and that some such remittances so passed, were not credited on the day when they ought to have been credited, but were in a day or two afterwards credited to the proper bank; that in September, 1828, the cashier overdrew the bank two or three thousand dollars, which was repaid the next day.

William S. Evans, second teller, stated that the cashier had put checks in the drawer and had taken out bank notes for them, which checks were not placed to the debit of any one in this or any other bank until the next morning. These checks were considered the same as money; they were not kept longer than the next morning, except on Saturday, when they were laid over until Monday. The checks were generally on the bank of Pennsylvania. In some instances they were drawn by James Paul, on the bank of the Northern Liberties, for from 8 to \$11,000. In such cases the money was not taken out of the drawer, but the checks generally passed to the credit of the cashier. The witness further stated that the first teller and himself waited upon the president at his residence, in the month of September, and informed him of the

cashier's conduct: that the president declined giving them any opinion at that time, but told them he would on the next day; when he stated to them that the cashier had the control of the cash, and that he the cashier was responsible for it. The witness stated that since that period the cashier had discontinued the practice.

Benjamin Smith, cashier's clerk, stated that some years ago, when he was assistant clerk, two thousand dollars were collected but were not put to the credit of the bank, but passed to the credit of Elihu Chauncey. One or two days afterwards they were placed to the credit of the proper bank: that such cases had been very numerous and confined solely to the cashier. The witness believed that the practice was unknown to the board of directors.

William G. Govett, runner, stated that in two or three instances, the money he had collected, was not put on the day it was collected to the proper account, but to the credit of Elihu Chauncey. The amounts as nearly as he could recollect were three, four or five thousand dollars. This was done for no one but Mr. Chauncey. The amounts were placed to the proper account in two or three days afterwards.

George R. Smith, first teller, stated that he had frequently paid checks at an early hour in the day, under the expectation, that deposits would be made to meet them before the bank closed. He had frequently paid large drafts to brokers and others—did not know the amount of the cashier's account, but had paid a good many of his checks; the amount of them generally about eight or nine thousand dollars. Sometimes two or three would come in succession. This would go on for two or three weeks, and then cease for months.

Robert L. Pitfield, cashier of the bank of the Northern Liberties, stated that James Paul, a director of the Northern Liberties bank, had frequently deposited Elihu Chauncey's checks in that bank, with an understanding, that he would not draw on them. The witness was not aware they had ever been drawn upon—the usual amount was \$10,000, on an average; had known it more and less, sometimes \$15,000, sometimes \$8000. That Mr. Whitehead had also deposited Elihu Chauncey's checks; their usual amount was \$10,000.

The following question was put to Mr. Edward Biddle, clerk to Messrs. T. & J. G. Biddle, brokers.

“Has your house ever bought of, or sold to Mr. Elihu Chauncey, any stock or notes of hand, or bills of exchange, foreign or inland of any kind whatever?” To this he replied, “They have had occasionally stock transactions with Mr. Chauncey. I do not recollect at the present moment, any notes or bills of exchange—they have had orders to buy stock and sometimes to sell—he sometimes bought stocks for the Pennsylvania bank—he sometimes bought and sold stocks in his individual capacity—we took stock in the last loan for various persons; don't think it proper to divulge the names of individuals for whom we took the stock.”

Mr. Joseph Swift, clerk of Biddles', stated that the firm had frequently deposited checks of Mr. Chauncey and others. Those of Mr. Chauncey, were from \$2,000 to \$12,000.

To the testimony, a summary of which is above presented, no counter testimony was offered by the bank, nor by the cashier. The following communication was however received.

Bank of Pennsylvania, 15th Jan. 1829.

SIR—The bank committee have instructed me to make to the committee of the legislature, the following communication.

In relation to the evidence which has been brought before you, the object of which, was to implicate the conduct and character of the cashier, we have the satisfaction to state, that we have received from that officer, such full, free and confidential statements and explanations, as are perfectly satisfactory to us; and after full consideration of the subject we have

Resolved, That it is not consistent with that confidence, which the bank necessarily reposes in its officers, nor with a proper regard to the interests of the institution, that the cashier should make his explanations a matter of publicity. In the private business of the cashier, the committee do not find that Mr. Chauncey has done what is not allowed to every respectable customer of the bank.

Very respectfully, yours,

WILLIAM SANSOM,

JESSE R. BURDEN, Esq.

Chairman of the committee of the legislature.

During the whole course of the examination, the committee of the bank had evinced every disposition to furnish the joint committee of legislature, with information respecting the affairs of the bank; and did not insist on shielding themselves, under supposed constructions of the act of incorporation. Your committee therefore felt in some measure disappointed, when the bank declined giving explanations respecting evidence of facts, the object of which the bank supposed, was to implicate the conduct and character of the cashier. Your committee had invariably assured the bank, that nothing of a private nature would be divulged by them, unless public advantage should require it.

With regard to the evidence, respecting the conduct of the cashier, an expose of facts, and an explanation by that officer, might have enabled the joint committee, to have formed an opinion as to the correctness of his conduct, without imposing upon them the necessity of reporting any thing but the general result of the investigation.

How far the bank may be satisfied with the conduct of their cashier, is a matter with which the joint committee have nothing to do. Their duty was not to ascertain whether the bank was satisfied with the conduct of their officers, but to ascertain what were the acts of those officers.

It is possible that the cashier may have acted correctly, and that he could furnish satisfactory explanations. Your committee would be pleased with such a result. But as they are left to judge altogether from the evidence given, they are of opinion that the conduct of the cashier has been such as is inconsistent with his duty as an officer of the bank.

The testimony of Edward Biddle, taken in connexion with that of the clerks of the bank, and of the cashier of the N. L. bank, lead the committee to believe that Elihu Chauncey has violated the provisions contained in the 18th article of the charter, which declares "that no president or cashier of this bank, shall be directly or indirectly concerned in the purchase or sale of any of the public stock or funds, under the penalty of ten thousand dollars, to be forfeited, one half thereof to the use of the commonwealth, and the other half to the use of the informer; nor shall the cashier be allowed to carry on any other business than that of the bank, under the penalty of five thousand dollars."

The privilege assumed by the cashier, of taking money in the manner stated by the clerks, and of using the funds of the bank without paying an interest for them, opens a door to imposition, which should always be closed. It gives him the opportunity of forming connexions with others, and of engaging in speculations which might involve the bank and his securities to an unlimited amount.

The committee conceive that the bank is too loose in its practice of permitting overdrafts of heavy amounts. Much loss has been sustained; and whilst the committee were in Philadelphia, upwards of \$6000 were paid in this way, which probably will never be repaid.

As a matter connected with the conduct of the officers, your committee state that a loss was sustained, from a deficiency of specie in the vaults of the bank, of \$2000. On the 26th April, 1828, the fact was made known to the board of directors; the report of a committee of investigation is annexed marked B by which it appears that the deficiency had existed from December, 1825, or January, 1826. The loss was charged to the account of profit and loss. The first teller on examination, stated that during bank hours the key always remained in the lock, and that any clerk had free access to the vault, whether his particular business required it or not.

That a deficiency of such amount should remain unknown for so long a period, and that such carelessness respecting the vault should be permitted, betrays a degree of negligence somewhere, which ought not to exist. Your committee however, believe that more caution will be used in future.

PHILADELPHIA BANK.

In the examination into the affairs of this bank, the objects were to ascertain the general management of its concerns. - As no suspicions were entertained that its business had been conducted improperly, and as the inquiry into the affairs of the bank of Pennsylvania had occupied more time than had been anticipated, your committee contented themselves with a general examination, sufficient however to satisfy them of its state.

The committee refer to the annexed documents containing

1. The general statement of the bank.
2. The statement of debt, due from the branches.
3. Correspondence.

The information contained in the above, together with that furnished by the committee of the bank, has satisfied the joint committee that the mode of conducting the business of the institution is conducive to its interests and prosperity. The proportion of accommodation paper is comparatively small, and the capital is profitably employed in proper banking operations. The mode of discounting notes is that prescribed by the seventh section of the charter; over-drafts are not permitted by the bank.

The contingent fund amounts to \$60,500, and is created by a reservation of the profits of the bank, and is intended to cover any losses which may be sustained.

In the course of the examination, the bank declined answering a question relating to the amount of money loaned to directors, under a construction which they put on the 21st section of the act of incorporation, relating to the accounts of private individuals. The document No. 5, contains the correspondence on the subject. As the bank finally answered the question, and virtually conceded to the construction put on that section of the act, the committee decline entering into detail on the subject. They are clearly of opinion that the accounts of private individuals, which the law prevents a committee of legislature from examining are only the accounts of cash deposits; all other accounts are open to the inspection of every director and ought to be to a committee of legislature. If the construction put upon this clause by the bank, be the true one, then there is little use of the appointment of a committee, as a correct view of the affairs of the bank could not under such circumstances be ascertained.

In closing the report of the affairs of the bank of Pennsylvania and of the Philadelphia bank, the committee respectfully offer the following recommendations to the legislature.

1. That in the passage of any act to extend the charters of any banks in which the state holds stock, a provision shall be inserted that the legislature shall elect a number of directors in proportion to the number of shares held by the state.

2. That a committee appointed by either branch of the legislature to examine the state of a bank, shall have power to examine all accounts except those of cash deposits of private individuals.

3. In the examination touching the loan of two millions, your committee were fully satisfied that a premium of considerable amount was lost to the state, from the want of system in the financial operations of the government. They would suggest the propriety of such an extension of the powers of the commissioner of loans as would enable him, in such manner as the legislature, in its wisdom, may deem safe and proper, to dispose of stock in such amounts and at such times as may be profitable to the state. Such an officer should have a competent salary and a per centage on the premiums obtained, as his duties would preclude him from attending to any other business than that of commissioner. It is impossible for the executive at the distance of a hundred miles from the money market, to know its state, and to dispose of stock advantageously. The subject of loans is one intimately connected with the advancement of the interests of the commonwealth, and inseparably connected with its credit; and such a system should be adopted as would prevent the government from depending on corporations for money in anticipation of instalments.

Until within a very few years the monied transactions of the state were so simple, that little or no difficulty was experienced in conducting them. The government has however, assumed a new position. The extensive public works of internal improvement require large amounts of money, and the settled policy of the state is to raise funds for the construction of canals and rail roads, by borrowing. This state of things requires from the legislature new regulations. In a little more than four years the public debt of the United States will be paid off, and the holders of its loans will have forty millions to invest in some other source of profit; and an improvement in the system of finance by this state which shall preserve public confidence, is only required to obtain loans on such terms as will enable the government to complete the objects so desirable to the people.

PHILADELPHIA BANK.

The committee of the bank laid before the committee of the legislature a statement of the affairs of the bank, up to the 3d November, 1828.

STATEMENT.

Philadelphia Bank, November 3, 1828.

DR.

To amount of capital stock,	1,800,000
Sinking fund	59,000
Reservation fund, to meet subscription to the Chesapeake and Delaware canal	32,000
Profit and loss account	43,319
Notes in circulation	301,175
Dividends unpaid	10,864
Discounts received	59,031
Due to foreign banks	145,348
do city banks	26,162
Depositors	392,172
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	<u>\$2,869,066</u>

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By amount of bills discounted	1,805,777
Of debts outstanding at Washington and Wilkesbarre, secured by bonds, mortgages and judgments	174,216
Subscription to Chesapeake and Delaware canal	100,000
Loan to do do	50,000
do Union canal	20,000
Philadelphia bank stock	243,274
Pennsylvania 5 per cent	19,794
Monongahela bank stock	3,600
Turnpike	500
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	267,168
Due from foreign banks	39,354
do city do	8,561
Specie on hand	143,346
Notes of other banks	189 665
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	333,011
Real estate	12,740
Banking house and lot	50,000
Expenses	8,239
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	<u>\$2,869,066</u>

QUESTIONS AND ANSWERS.

1st QUESTION. Are the deposits specie deposits?

REPLY. The deposits are specie deposits or notes of other banks paying specie, and the item deposits are specie deposits.

2nd Q. Is money ever loaned without the consent of the president and four other directors?

R. A committee of finance used to discount. It consisted of six directors, and they never loaned money to *directors*, and the cashier makes no loans; and no money has ever been lost that was loaned by the committee of finance, or by the officers of the bank.

3rd Q. Are loans ever made to brokers or others on pledges of stock?

R. Yes.

4th Q. What amount of bills discounted are accommodation paper?

R. Amount \$238,680.

5th Q. Are the notes of "other banks." in your statement, considered to be good banks, paying specie?

R. Yes.

6th Q. To prepare for the annual statement to the legislature, is ever money borrowed directly or indirectly from corporations or individuals, or passed as a deposit. If so, what amount and from whom?

R. None.

7th Q. Are loans thus made by the president and cashier, without the knowledge of the board of directors and committee of finance entered in the general discount ledger, and laid on the directors tables and brought over for the inspection of the board of directors at the next discount day succeeding such loans?

R. Invariably—agreeably to resolution.

8th Q. Are the brokers or other persons allowed to overdraw the bank between the hours of 9 A M and 3 P M?

R. Not to our knowledge.

9th Q. Do your stock investments diminish the amount necessary for proper banking operations?

R. No.

10th Q. What is the nature of and state of the contingent fund, its use and object?

R. It is a reservation from the profits, out of the earnings of the bank not specifically invested, and was intended in the first place to meet any losses that might arise at the Washington and Wilkes-barre branches, and then any other that might occur. Its present amount is \$60,500; \$1500 has been added since the statement from reservation on the dividends.

11th Q. Has any dividend been made which would impair the capital stock of the bank?

R. No.

12th Q. Of the amount due from *foreign banks*, what amount is considered good, bad or doubtful?

R. All good.

13th Q. Are *deposit accounts* of individuals, which are not allowed to be examined by individual directors, considered the same as *discount accounts*, which are open to the board of directors, by the means of the book called the telegraph or of the discount ledgers.

R. There are but one set of books, in which accounts are kept with customers of the bank; access to these is not permitted by individual directors.

An account of every note discounted by the bank, is exhibited to the board of directors every discount day, and to this every director has access, and from which he can ascertain the particulars of when and for whom it was discounted, whether a director or not.

14th Q. Would the Philadelphia bank have taken any part of the late state loan of \$2,000,000, had she had an opportunity. If so, at what rate would she have taken it?

R. The Philadelphia bank had at times pretty full employment for their money, and on an informal inquiry of them, whether they would join with, or come in under the bank of Pennsylvania, in the offer for the loan, it was concluded not to do so. If however, the Philadelphia bank had supposed that the loan would have been taken at par, they would have, as a matter of speculation or profit, been willing to have taken a part, but not as a permanent investment, as they then found no difficulty in obtaining 6 per cent. per annum, for whatever money they had to loan.

The committee examined specie in vault, and found the same to correspond with the answer given by the committee of bank directors.

15th Q. Are the bonds, mortgages and judgments, outstanding at Washington and Wilkesbarre, good?

R. Amount due from the branches on the books of the bank at this time:

Washington	\$91,562 00
Wilkesbarre	83,387 00
	<hr/> 174,949 00

Debts considered good at the Washington branch.

Principal	57,361 00
Interest	4,241 00
Estimated value of real estate bought by the bank to secure debts	34,500 00
	<hr/> \$96,102 00

Debts considered bad at the Washington branch	21,902 00
do interest	2,730 00
	<hr/> \$24,632 00

Wilkesbarre branch.

Debts considered good	78,539 19
do doubtful	4,175 45
do bad	6,159 43
	<hr/>
	\$88,894 07
Interest esteemed good	15,443 36
Doubtful	1,693 55
Bad	1,871 85
	<hr/>
	19,008 76

Total am't. of principal and interest considered good \$94,002 55

This valuation and estimate were made in 1827; since then in point of security, the debts have not essentially changed. There has been some change in amount, as moneys since then have been received on account of these debts.

All the debts at the branches at Washington and Wilkesbarre, it is supposed are secured by judgments, mortgages, or by the purchase of real estate by the bank, bought in by them at different times at sales made by sheriff, generally on executions issued at the suit of the bank.

Q. CAMPBELL, *Cashier*.

Mr. James J. Skerrett, first teller, appeared, was affirmed, and answered queries respecting the amount of specie in vault, and as to its being all gold and silver coin contained in the boxes and confirmed the answers made by the committee of bank directors.

16th Q. What amount of debt, if any, is due by stockholder directors and what amount of debt, if any, is due by the state directors, in what several years did those debts accrue and what amount in each year respectively for the last five years?

R. There is no debt now due and unpaid by any director of the Philadelphia bank.

17th Q. What amount of specie was there in the vaults of the bank on Saturday morning, twenty-seventh December, and did all the boxes in the vault of the bank, as shewn to the committee of the legislature on that day, contain silver coin?

R. Yes; and the amount as stated in the statement.

18th Q. Of the specie on hand what amount is gold and what amount is silver?

R. Silver,	112,378
Gold,	1,291

19th Q. What amount of salaries are paid by the Philadelphia bank to the different officers of the institution, specifying the amount of each officer.

R. Philadelphia Bank salaries, December 29th, 1828.

President,	\$ 2000
Cashier,	2500
First teller,	1500
Second teller,	1100

One book keeper,	1000
Three do each \$800,	2400
Discount clerk,	800
Note clerk,	900
Assistant clerk,	600
Runner,	650
Porter,	500
One watchman,	300
	<hr/>
	\$ 14,250

20. Is there any debt *not due* by any state or stockholder direct-
or unpaid at this time?

There are notes not due which have been discounted by the bank
for directors as for other persons.

21. Have you a book called the *telegraph*, and are you willing
to exhibit the same to this committee?

We have one. It contains individual director's account, and
therefore we are unwilling to exhibit it.

22d Q. Do the directors of the bank get greater accommoda-
tions, in proportion to their means, than other customers of the
bank.

R. No.

23d Q. Has the present cashier, or any teller, or clerk, at any
time voted at any election for directors, as the attorney, proxy, or
agent of any stockholder.

R. No.

Q. 24. Is there any rule of the bank authorising the president or
cashier to loan money without the application to the board or com-
mittee of finance?

R. No rule.

The bank committee submitted the following as an answer to
question No. 25:

25th Q. What aggregate amount has been discounted for state
and stockholder directors?

Philadelphia Bank, December 31, 1828.

Board met.—The committee appointed by the board to meet the
committee from the legislature, submitted the following question:

“What amount has been discounted for state and stockholder
directors respectively?”

Which was taken into consideration.

Whereupon, it was

Resolved, That the committee on the part of this bank be au-
thorised to communicate to the committee from the legislature, the
aggregate amount of loans made to the directors of this bank.

This aggregate amount is, \$ 111,670.

26th Q. Does the bank of Philadelphia, directly, or through
the agency of any person or persons whatsoever, buy or sell, or in
any manner trade or deal in their own stock, notes or securities, or
in the stock, notes or securities of any other bank or incorporated

body, whether of the United States, or of this state, or any other state?

R. No.

27th Q. Are the individual accounts of deposit ever submitted to the board of directors; and if not—why?

R. They are not—being contrary to the 14th section of the by-laws of this bank.

28th Q. What is the *nature* of the accounts contained in the book called the “Telegraph”; and is that book withheld from the inspection of the board of directors, if required of them?

R. It contains an account of borrowers, (directors) and is open to the inspection of the board of directors of the bank at all times, and is laid on the table on discount days.

29th Q. What amount is expected to be realized out of this statement of \$93,769, from dividends and compromises.

R. At the last dividend, the amount expected to be realized out of this description of debts, was about fifty-seven per cent.

30th Q. What amount of bills discounted by the Philadelphia bank are due, unpaid and protested for non-payment?

R. On the 3d of November last, when the statement was made out for the legislature, the amount of bills discounted, due, unpaid and protested for non-payment was \$93,966. At this time it is \$93,769.

For the estimated losses, a sum deemed adequate, was reserved in the profit and loss account, at the time of making the last dividend.

Philadelphia, January 1, 1829.

GENTLEMEN:

In compliance with the directions of the joint committee of the legislature, I have the honor to transmit to you the following copy of a preamble and resolution, passed this day.

Very respectfully yours,

J. R. BURDEN,

Ch'r joint Com. of Legislature.

*The President and Directors
of the Philadelphia Bank.*

Whereas the committee on the part of the Philadelphia bank have declined answering certain queries under a construction which they give to the twenty-first article of their charter; And whereas the joint committee of the legislature, consider that individual accounts referred to in the charter, relate solely and exclusively to deposits, and also believe, that the legislature are not by law prevented from knowing, but have a right to know the amount of money due by the stockholder directors of the bank, in the aggregate, and particularly of the aggregate amount due by directors elected by the legislature. Therefore,

Resolved, That the committee of the legislature cannot consistently with their duty, proceed further in the investigation, unless all queries are answered, and all accounts exhibited excepting those only relating to deposits.

Philadelphia Bank, January, 6, 1829.

SIR—The preamble and resolutions of the joint committee of the legislature, enclosed in your communication of the first instant, was laid before the board, and I am requested to furnish you, for the information of the committee, the proceedings of the directors of this bank thereon. As the committee of the bank did not preserve copies of the resolutions proposed by the committee of the legislature, nor the answers to them, I am requested to ask of your committee to favor them with copies of both, that they may put the board in possession of all that passed between the committees in reference to the inquiries into the situation of the bank.

I am, very respectfully,

Sir, your obedient servant,

JOHN READ.

J. R. BURDEN, Esq.

Chairman of committee of legislature.

At a meeting of the directors of the Philadelphia bank, the communication from the committee of legislature, appointed to examine into the affairs of this bank, having been read,

The following resolutions were offered and adopted:

1st. That the board respectfully persist in their refusal to make any division in their statement already furnished to the committee, of the aggregate amount of notes discounted for the directors, as called for by the twenty-fifth question.

2d. That the committee appointed by this board to meet the committee on behalf of the legislature, on their declining to communicate information of the borrowings of individuals, whether directors or not, and to permit the inspection of books which contain the borrowings of such individuals, have acted in entire consonance with the opinion of this board, inasmuch as the board consider that the credits given to persons for notes discounted, are as much a part of the accounts of individuals as their deposits, and as such the right of examination or inspection is not permitted under the charter of the bank.

3d. That the board deem it inexpedient to give the information referred to in the second resolution, independent of the right under the charter to refuse it, inasmuch as it would operate greatly to the injury of the bank in various ways, and particularly as its affairs are in as safe a situation as at any former period, such a disclosure would not, therefore, in any way aid the committee of the legislature in arriving at a correct conclusion.

4th. *Resolved*, That the board will view with much regret any determination of the committee to close the further examination of the affairs of the bank, unless they deem the ample information already afforded them sufficient; the board being willing and ready (excepting so far as is above stated) to give every information in their power, as to the assets of the bank, in which they would

include all the particulars of the debts considered desperate or doubtful.

Extracted from the minutes.

JOHN READ, *President.*

Philadelphia bank, January 6, 1829.

The following letter was sent to committee of legislature:

The board of directors of the Philadelphia bank acknowledge the receipt of your communication, of the 1st instant, and have to renew their expressions of regret, that there should exist the least difference of opinion between the committee of the legislature and them, as to the construction of any one section of the charter of this bank. They also beg leave to assure the committee, that they still continue to entertain the wish always expressed to them, to give all the information in their power; and have, as they trust, withheld nothing, except what touches the business of individuals, who are the customers of the bank; to disclose the concerns of whom, they believe would do serious injury to the institution, and be the occasion of withdrawing from it many useful and valuable accounts.

Extract from the minutes—Philadelphia bank, January 12, 1829.

QUINTIN CAMPBELL, *Cashier.*

JESSE R. BURDEN, ESQ. *Chairman*

of the Committee of the Legislature.

Philadelphia, January 15, 1829.

SIR—I beg leave to hand you the enclosed communication, which will answer, in effect, the only question in writing heretofore unanswered. And remain, very respectfully, your obedient servant.

JOS. R. EVANS, *Chairman*
of the com. of directors of the Phila. bank.

Dr. J. R. BURDEN, *Chairman*

of the com. of the legislature of Pa. &c. &c.

Philadelphia, January 1, 1829.

SIR—The directors of the Philadelphia bank, chosen by the legislature, having understood that members of the committee of the legislature have expressed their individual wishes that an answer should be given to the whole of question No. 25, proposed to the bank committee, we, as members representing the state, have asked of the board of directors to be permitted, in our individual characters, to furnish the aggregate amount of our borrowings, as required by that question. That permission having been granted to us, we have to request that you will inform the members of the committee of the legislature that the state directors are borrowers in the aggregate, of fifty-three thousand and one dollars.

We are, very respectfully, your's.

JNO. M. BARCLAY,
J. M. LINNARD,
R. PATTERSON.

To JOSEPH R. EVANS,

Chairman committee of bank.

BANK OF PENNSYLVANIA.

*In the House of Representatives,**December 17, 1828.*

On motion, resolved, that Messrs. Simpson, Wilkins, Workman and Cunningham be a committee in conjunction with a committee of the Senate, already appointed, to examine into the state of the Bank of Pennsylvania and the Philadelphia Bank.

Extract from the journal,

FR. R. SHUNK, *Clerk.**"In the Senate, December 10, 1828.*

On motion, Mr. Burden, Mr. Hawkins and Mr. Wise were appointed a committee to join a committee of the House of Representatives, (if the House should appoint such committee,) to examine into the state of the bank of Pennsylvania and Philadelphia bank, and report the result of their examination on or before the 3d Monday of January next.

Extract from the journal.

JNO. DE PUI, *Clerk.**Heiskill's Hotel, Philadelphia, Dec. 24th, 1828.*

To the president and directors of the bank of Pennsylvania.
GENTLEMEN,

The committee appointed by the legislature to examine into the affairs of your institution, respectfully inform you that they are now in Philadelphia, and ready to proceed to business, in conformity to the resolution passed by that body, and forwarded to you by the clerks of the respective Houses. Any communication you have to make as to time and place of commencing business, may be addressed to J. R. Burden, chairman of the joint committee, at Heiskill's hotel.

Respectfully yours, &c.

H. SIMPSON,

Secretary joint committee of legislature.

Bank of Pennsylvania, 24th December, 1828.

The committee appointed to receive and confer with the committee from the legislature, for the examination of the affairs of this institution, will be pleased to commence the business, at the banking house, at 11 o'clock on Friday morning, or at any other time which may be more agreeable to the gentlemen from the legislature.

I am, very respectfully yours,

WM. SANSOM, *Chairman.*J. R. BURDEN, Esq. *Chairman.**Bank of Pennsylvania, December 24th, 1828.*

The following resolution offered by Mr. Ridgway, seconded by Mr. White, was adopted.

Resolved, That a committee of seven be appointed, to meet the committees appointed by the legislature to examine into the state

of this bank, and to furnish them with such explanations and information, as they may think proper.

Whereupon Messrs. Sansom, Preston, Ridgway, White, Brown, Neff, and Leiper were appointed.

Extract from the Minutes.

ATTEST:

E. CHAUNCEY, *Cashier.*

Bank of Pennsylvania, 27th December, 1828.

Agreeably to the request in Mr. Simpson's note of the 26th instant, I now enclose a copy of the resolution of the directors of this bank, appointing a committee to meet the delegation from the legislature. And I am requested to inform you that the committee with the officers of the bank, are desirous to give the most ample information.

Very respectfully yours,
WM. SANSOM, *Chairman.*

J. R. BURDEN, Esq.

Chairman of the committee of the Legislature.

State of the bank of PENNSYLVANIA, Friday morning, December 26th, 1828.

DR.

Bills discounted,	2338,836 83	
Do. protested,	324,269 35	
		2663,106 18
Special loan to commonwealth of Pennsylvania		150,595 21
Five per cent stock of do		2036,216 48
Loan to the Union Canal company		50,000 00
“ Schuylkill navigation company		40,000 00
“ Chesapeake and Delaware canal company		10,000 00
Turnpike and Conestoga and navigation stock		8,357 50
Real estate		292,455 22
Expenses		16,677 16
Due by other banks		116,113 41
Notes of other banks		265,495 06
Drafts on the treasurer of the board of canal commissioners		53,952 39
Specie		193,981 63
		<u>\$5896,950 24</u>

CR.

Capital stock	2500,000
Notes in circulation	1051,816 26
Unclaimed dividends	6,811
Due to commonwealth of Pennsylvania	140,427 41
“ other banks	739,975 14
Contingent fund	200,000 00
Profit and loss	190,902 79

Discounts	41,775 43
Depositors	1025,242 21
	<hr/>
	<u>\$5896,950 24</u>

State of the office of discount and deposit at Lancaster, December 30th, 1828.

DR.

To bills discounted	318,271 59
ditto protested	7,315 00
ditto in suit	4,002 20
ditto receivable	329,588 79
Bonds	47 38
Real estate	13,519 47
Conestoga navigation stock	13,439 96
Columbia bridge company	5,000 00
J. Coney, Cashier	2,279 75
J. Lesley, do	1,030 50
York bank	10,891 76
Marietta and Susquehanna trading company,	226 97
Expense	730 00
Cash on hand, viz:	4 48
Notes of bank Pennsylvania	
Sundry banks	\$3,575 00
Gold, British and P.	24,967 42
Silver	248 32
	12,724 46
	<hr/>
	<u>\$448,274 26</u>

CR.

By balance due bank of Pennsylvania	283,727 94
John J. M'Kennan, cashier	3,789 91
Discount received	1,326 26
Money of depositors	159,430 15
	<hr/>
	<u>\$448,274 26</u>

State of office of discount and deposit, Reading, Tuesday, December 30th, 1828.

DR.

To bills discounted	343,346 85
Protested	8,290 00
Sued	81,597 68
Judgments	433,234 53
Mortgages	13,245 00
Bonds	1,490 00
	6,775 00

Real estate	17,812 92
Water company	200 00
Expense	89 33
Notes Pennsylvania	18,491 00
City	4,568 00
Sundry	2,756 00
Gold	636 58
Silver	7,657 74

\$506,956 10

CR.

By balance due bank Pennsylvania	423,561 57
Discounts received	1,716 23
Office of discount and deposit Harrisburg	4,942 26
Deposits	76,736 04

\$506,956 10

State of the office of discount and deposit, Harrisburg, Monday evening, December 29, 1828.

DR.

To bills discounted,	\$ 91,175 87
Alterations banking house,	1,197 14
Expense account,	1,436 68
Due to office Reading,	4,942 26
Due Carlisle bank,	50 03
Cash, notes bank Pennsylvania,	\$ 112,781 71
Harrisburg,	900 00
Carlisle,	3,120 00
Gettysburg,	2,920 00
York,	4,135 00
Chambersburg,	3,615 00
Westmoreland,	605 00
Pittsburg,	325 00
Lancaster,	760 00
City,	60 00
Sundries,	1,454 00
	<hr/>
	131,215 71
Drafts to B C Co.	46,921 57
Gold,	4 78
Silver,	17,178 57

\$294,122 61

CR.

By balance due bank Pennsylvania,	\$112,995 26
Discounts received,	1,502 56
Due to office Lancaster,	10,891 76

Harrisburg bank,	66,597 09
Bank of Pittsburg,	25,810 00
Commonwealth Pennsylvania,	21,044 19
Individual deposits,	55,481 75

\$294,122 61

State of the office of discount and deposit at Easton, Tuesday evening, December 30, 1828.

To bills discounted,	\$117,733 85
Expense account,	44 87
Cash on hand, viz: Notes of bank Pennsylvania,	36,790 00
Philadelphia,	401 00
Easton,	1,900 00
Northampton,	242 00
Sussex,	1,672 00
Sundry,	1951 56
Silver,	2,536 20
Balance due from Easton bank,	1,811 11
	<hr/>
	\$165,082 59

CR.

By balance due bank of Pennsylvania,	\$146,313 24
Discounts received,	650 38
Deposits,	18,118 97
	<hr/>
	\$165,082 59

Protest of State Directors.

The undersigned directors, of the bank of Pennsylvania, beg leave to represent that they feel it their duty to express their decided disapprobation with the conduct of a majority of the directors of this bank, in regard to the affair of the purchase of the loan recently created by the state of Pennsylvania, for canal and railroad purposes, as well as with a part of the committee appointed by that majority, and with circumstances growing out of that transaction. When the affair of the loan was first presented to the board for its consideration, it was done by the introduction of a resolution to appoint a committee upon that subject. This course of procedure, the undersigned thought, was altogether wrong, inasmuch as they honestly believed, and still think, the question ought to have come fairly before the board; whose business it was to decide upon the matter, without the intervention, at that stage of the business, of any committee whatever. But, the undersigned question altogether the power and authority of this board, legally to appoint a committee of the nature and character of the one in question. It is enacted by the 2d section of the act of

February 13th, 1794, "that seven directors shall constitute a board for the purpose of transacting the discount business of the bank of Pennsylvania." They therefore conclude that as it is imperatively required by the act, that the *ordinary* business of the board should be confided to not less than seven, when but a comparatively small interest is involved—that it never could have been contemplated by the legislature, that the *extraordinary* business, involving millions, should be entrusted to four or five. The undersigned therefore, think that the appointment of the committee was altogether illegal, inasmuch as it was contrary to the spirit of, and in contravention of the charter of the bank. An attempt was made to have the question fairly, and as the undersigned conceive, legally decided; but like many other, (as they believe) proper endeavours, the proposition altogether failed. That on the occasion alluded to, a committee of five members was appointed, who, without ever consulting the board upon the subject, either as to the amount the bank ought to take, or as to the price to be paid, negotiated with the Governor for the whole of said loan at par, amounting to two millions of dollars. According to the views and opinions of the undersigned, this was a bold and high handed measure; an unwarrantable stretch of power, and altogether inexcusable; inasmuch as the undersigned believe, it was the duty of that committee, whether legally or illegally appointed, to have first reported back to the board from whom their authority emanated, and to have asked from that board, direction as to the amount to be purchased, as well as to the terms or price the bank might, in its discretion, see proper to give. This unwarrantable assumption of power by the few, to do the business of the many, as the undersigned seriously believe, is highly dangerous as a precedent subversive of all parliamentary rule, and insulting to the understanding and dignity of the board.

That this committee, instead of offering only an account of the bank, and for such an amount as was commensurate with its funds, entered into a combination or co-partnership with certain individuals, known as stock and exchange brokers, together with certain other individuals, not so known or designated, but a part of whom were of this committee; and one, a director of this bank not of the committee; making three of the directors of this bank, taking a part in said combination, and becoming co-partners with the bank and others, in several large sums of money, as will more fully appear by the minutes of this board, all which conduct the undersigned do most unequivocally condemn, as being injurious to the state, and tending to cast odium on the standing and reputation of the bank.

The undersigned cannot view this combination in any other light, than as a gross violation of good faith towards the state, as it tended to prevent or exclude individual offers for the loan; and they are brought to this conclusion from the existence of the following facts. A few days have only elapsed, since the general government paid to its creditors, a large amount of the United

States' loan; this circumstance, together with the previous state of the money market, renders it obvious that a large amount of additional funds, suddenly thrown upon us, would induce the owners and agents of such funds, to look to the loans created by the state as a safe and good investment.

For these obvious reasons, the undersigned conscientiously believe, that the state could, without difficulty, have negociated the whole amount of loan, at a considerable advance above par. Another serious objection presents itself to the minds of the undersigned, in consequence of the bank forming connections with individuals, who adventure in the stocks on speculation. The stock dealer, who follows it as a business, has every advantage over the bank, in as much as he has no opinion but his own to consult; he has the benefit of being daily in the market; of mixing with and feeling the public pulse; has a knowledge of buyers as well as holders, and can act with more facility, by taking advantage of circumstances, at particularly favorable moments, which the bank, from the very nature of its organization, has it not in its power to do. Nor is the objection above mentioned confined to the home market, but has extended its baneful influence to Europe, where, as the undersigned solemnly believe, those who have previously been connected with the bank in its purchases of loans, have had the advantage of going before the bank into the market, while the bank, in consequence of these connections, has been necessitated to hold its stocks, to its serious disadvantage.

This position, the undersigned believe, will be sustained by the perusal of a letter from the Messrs. Barings of London on the subject of the stocks, under date of 15th May last.

But another, and in the opinion of the undersigned, a very cogent argument against the bank suffering stock speculators to become co-partners with it. is, that directors and others connected with the fiscal operations of the bank, may become co-partners under the unhallowed cover of the brokers, and whose interest it may become, under such circumstances, to keep the stocks of the bank out of the market, so long as the sales of the stocks in the hands of concealed partners remain unconsummated.

While on this part of their subject, the undersigned feel it their duty to advert to the fact, that one house or firm, carrying on the business of stock and exchange brokers, have, through the agency of the bank, become holders of the recent loan, to the enormous amount of eight hundred thousand dollars, while the bank itself holds only the sum of five hundred and fourteen thousand two hundred dollars! And while this circumstance induces the undersigned to ponder at the disparity of the sums, they cannot but reflect too, that these gentlemen are the brokers of the bank!!

The undersigned merely state the facts, and leave it for all parties concerned to judge of the propriety or impropriety of the matter.

One other fact, growing out of this affair, the undersigned deem it their duty to notice.

When the stock committee were about to present their report that the loan had been taken, a member of that committee was desirous that the names of all the parties concerned should appear upon the face of the report, which was objected to by two members of the committee.

After the adoption of the report, the member of the committee alluded to, rose in his place and offered a resolution to make the names of the parties a part of the record. It was finally carried in the affirmative, but previous to, and pending its passage, it was again objected to, by the same two members of the committee, and finally voted against by them, and one other gentleman not a member.

The reason why the undersigned had a desire to know the parties with whom the bank had thus connected itself in very large sums, must appear obvious; the bank had taken the whole of the loan, and was therefore bound in good faith to the state to make up the whole sum. The undersigned, therefore, as directors had a right in common with every other director to know, and whose duty it was to take proper measures to discover, who the bank stood bound for, and why an attempt should have been made to smother any part of the transaction, appears mysterious to the undersigned. If it was designed to insult the undersigned as well as others, who were desirous to have the knowledge of the whole of the facts placed upon the records then have the gentlemen in question attained their object. The undersigned, therefore, deem it their duty as directors of this bank, seriously and solemnly to protest against the act of the majority of the directors in the appointment of the stock committee, as well as against that part of the committee who were privy to, and instrumental in furthering the views of the majority—and against all parties concerned in the participation with the bank in the loan in question; whether as individuals, firms, bodies corporate, or otherwise; either as they stand, or ought to stand upon the records of this bank, and against all others who may have covertly so participated, standing either in the relation of directors, president or cashier, or of any other person or persons connected with this institution, if any do so stand; and desire that this instrument may be made matter of record.

ABRAHAM OKIE,
THOS. CAVE,
JOHN T. SULLIVAN.

Philadelphia, July 12, 1828.

Answers of the Bank of Pennsylvania to the questions proposed by the Committee of the Legislature, on the 30th December, 1828.

QUESTION No. 1. The nature of and state of the contingent fund; its use and object?

ANSWER. The contingent fund consists of a sum of two hundred thousand dollars, derived from the profits of the institution, and set apart for the purpose of meeting any losses which may occur in the business of the bank.

Q 2 Losses of the bank in the last sixteen years, and by whom incurred.

A The amount of debts protested and charged to the account of profit and loss, during the last sixteen years, is \$ 331,180 88; a considerable amount of which, however, were debts which originated at periods more remote than sixteen years. From this sum the bank has since received payments to the amount of \$ 10,807 17. The list marked A is here exhibited.

Q 3 How much was lost by *state* directors, and how much by *stockholder* directors?

A The amount of discounted bills, protested for non-payment, which were drawn or endorsed by directors elected by the *stockholders*, and now remaining unpaid, is \$ 84,786 78; and the amount of discounted bills, protested for non-payment, which were drawn or endorsed by directors appointed by the *legislature*, and now remaining unpaid, is \$ 102,101 57. Of the last mentioned sum, it is supposed that \$ 42,954 have been secured, and will be paid.

Q 4 What amount of notes discounted and protested are considered good, bad or doubtful?

A The amount of discounted and protested notes in this bank, not yet charged to the account of profit and loss, is \$ 333,647 76; and in the estimation of the committee they may be fairly valued at between 60,000 and 100,000 dollars.

Q 5 How are loans made?

Q 6 Are they made by the officers *without* the knowledge or consent of the board of directors, or of the committee of finance?

Q 7 If so made, are they entered on the general discount ledgers and laid on the directors' tables, brought over for the inspection of the board at the next discount days succeeding such loans?

A to 5, 6, 7. Loans at this bank are made by the board of directors, and recently no loans have been made but by the board. Occasionally, when money is abundant, it is the practice of the president to grant discounts under certain circumstances; but it has not been the practice for any other officer in the institution to make discounts; and in those cases where loans have been made by the president, or a committee of finance, they have been regularly entered in the discount books, for the inspection of the board on the next subsequent discount days.

Q 8 Are loans ever made to brokers or others on pledges of stock?

A Heretofore, when money was abundant, loans were made to brokers and to others, on pledges of stock, by a committee appointed for the purpose. At this time, the whole sum now out on loan to brokers, on pledges of stock, does not exceed 7000 dollars; and the amount to all other persons, on such pledges, is very inconsiderable.

Q 9 What amount of paper now discounted is *accommodation*; how many years has it been running on; and what is the proportion of *business* paper?

A Of the discounted paper now held by the bank, and not pro-

tested, about 301,244 dollars is accommodation, some of which has been running for several years; about 918,025 dollars is *business* paper; and in addition, there is about 58,867 dollars, secured by mortgages.

Q 10 What is the amount of the debts *due* to the bank—their nature—of how long standing—whether any legal remedies have been taken for their recovery—whether they are good, doubtful or bad?

A In addition to the debts mentioned in the answer to question No. 4, there are certain other debts *due* to the bank, on which losses may be anticipated. These consist principally in debts due to the former offices at Easton and Pittsburg, in debts due to the offices at Lancaster and Reading, and in a debt due from the late bank at Snow Hill. Some of these debts are of many years standing, and the losses on them are estimated at 45,170 dollars. All the legal measures which were deemed proper and useful, have been taken for their recovery.

Q 11 The late loan to the state, at what rate was it taken; and were any, and if any, what arrangements were made with brokers, or others, in regard to that loan?

A The late loan to the state was taken by the bank *ut par*. Previous to taking it a committee appointed by the board had an understanding with another institution and with individuals, whereby, if the whole stock were obtained, such other institution and individuals should take of it from the bank 1,485,800 dollars, at the same price paid by the bank, and that the bank should retain the balance of 514,200 dollars.

Q 13 Are brokers or others allowed to overdraw the bank between the hours of 9 A. M. and 3 P. M., on the presumption that the overdraft will be made good; and if so, is not the bank liable to lose large sums by the practice; and has she not lately lost several thousand dollars by it, and if so, by whom?

A The checks of customers, who are considered perfectly responsible and safe, are usually paid without special reference, at the moment, to the state of their accounts; and they are paid in the early part of the day, on the presumption, that if they are not then good, deposits will be made before three o'clock, to make them good. This arises from the necessity of the case, and from the nature of the paying teller's business, which renders it almost impossible for him to compare every check before payment with the account in the ledger; and it is thought that the teller's knowledge of the standing of those whose checks he pays, and his care not to pay any which he does not believe perfectly safe, gives the bank a pretty good security against losses from this source. It is believed, that \$ 101 56, in 1824—\$ 3 51, in 1825—\$ 36 24, in 1827—and \$ 623 68, in 1828, are the only losses the bank will sustain from overdrafts, in the last six years; and in the last mentioned sum is included three checks, amounting together to \$ 618 43, which were *counterfeit*, and would not have been lost if they had been *genuine*. Recently, the account of a broker was overdrawn for

\$ 3,726 73, but \$ 735 62 has been repaid, and it is expected that the balance will be recovered.

Q 14 Has the bank ever lost any specie—if so, how was it lost, and what was the amount?

A The bank has lost specie to the amount of two thousand dollars. The fact was discovered and made known by the cashier, on the 20th April last; and on the same day a committee, consisting of Messrs. Ridgway, Okie and Richards, was appointed, to investigate the circumstances of the loss. The report of that committee, as approved and adopted by the board on the 21st September last, will detail the circumstances of that loss, as fully as they could be ascertained; and a copy of the report is herewith exhibited, (marked B.)

Q 15 Do you now pay interest to the Harrisburg bank—if so, why was it contracted for?

A On the first of November last, this bank agreed with the Harrisburg bank, that a balance of \$ 150,000 should be retained with by the former *for sixty days*, on interest at the rate of five per cent. per annum. A prominent reason for this arrangement was to aid the bank in complying with the wishes of the governor, by advances of money to the commonwealth, in anticipation of the January and February instalments on the loan of 1828.

Q 16 When the bank took the state loan, what rate did she fix upon it by her stock committee?

A When the bank took the loan, the committee appointed for that purpose authorised the cashier to make the following offers, on the first of July last, viz: "In behalf of the bank of Pennsylvania I make the following offers, to lend to the commonwealth two millions of dollars, in the manner and on the terms stated in the notice from your department, dated 31st May, 1828. *First*--For the whole stock. I will pay one hundred dollars in money for every one hundred dollars; or, *Second*--If the above offer be rejected, because of a better bid, or better bids, from other sources, then I will pay for the whole stock, one per cent. over and above the value of the premiums offered, on so many of the best bids from other sources, as when taken together, shall not be less than 800,000 dollars, nor more than 2,000,000 of dollars; provided, I do not thereby pay more than 101 dollars in money for every one hundred dollars in stock. It is not intended that either of the above offers shall apply to less than the whole stock to be created under the act of 24th March last."

Q 17 What amount of your notes are due, unpaid or protested for non-payment?

A The amount of discounted notes in this bank, due, unpaid or protested for non-payment, is \$ 333,647 76, exclusive of such as have been heretofore charged to the account of profit and loss.

Q 18 What are the salaries of the bank officers, respectively?

A The salaries of the bank officers, respectively, are,	
The President	\$ 3000
Cashier	3250
Paying teller	1800
Receiving teller	1500
First book-keeper, and for the transfer and dividend departments	1500
Two book-keepers, \$ 1000 each	2000
Assistant to the first teller and for the state stock department	1000
Discount clerk	1000
Runner	900
Two note clerks, \$ 675 each	1350
Cashier's clerk	750
Two porters, \$ 495 each	990
Two watchmen	537

Answers of the Bank of Pennsylvania to the questions proposed by the committee of the legislature, on the 2d day of January, 1829.

Question No. 19. Has the board ever thrown out *good* business paper of small amounts, when she was at the same time making large loans to brokers and others, dealing largely in stocks?

Answer. Good business paper of small amounts may, in some instances, have been rejected, and on the same day a large discount been made for a broker. Whether the broker was then dealing largely in stocks, is not known to the committee. Particular cases are not now recollected; but it is probable the rejected paper was offered by persons who had no claim on the score of their accounts. It has not been the practice of the board, when money was abundant, to reject any man's paper solely because of the profession or business he follows.

Q. 20. Has the bank ever allowed the drafts of the state treasurer to be protested for non payment; if so, what was the reason for the same?

A. It is believed, that no draft of the *state treasurer* on this bank was ever protested for non payment.

Q. 21. Does the cashier, or other officer of the bank, ever take checks on any bank dated to a future period, to make good the account of any broker's over draft at 3 o'clock?

A. They do not.

Q. 22. Do officers of the bank, keep accounts in the bank—if so, what amount of money has each officer on discounts, as drawers, or indorsers?

A. The committee deem this question exceptionable; but, as the president and cashier, have requested that it shall be answered, they comply by stating, that no officer in the bank is permitted to have an account in the bank except the president and cashier. The president is now payor for 27,950 dollars, and endorser for 13,000 dollars. The cashier is not payor or endorser on any note

discounted at the bank, and has not asked or obtained a loan from the bank since he held the office.

Q. 23. Has any person connected with the bank, induced any one to withhold investment in the state loan or loans?

A. The committee do not know that any director or officer of the bank, has induced any one to withhold investment in the state loan or loans.

Q. 24. Has the board ever exonerated the cashier, and his security, from any liability for any loss of specie incurred?

A. The board has not exonerated the cashier from any loss for which he was ever liable.

Q. 25. At what rate did the stock committee offer the *state loan* at, in the Philadelphia stock market, or what price did she ask for it?

A. The amount of state stock which the bank has sold in this city, since the last loan was taken, is 221.842 dollars and 78 cents; and the prices obtained since the first of August (the buyers taking the interest from the first of August,) have averaged 103.39. per cent.

Q. 26 Who subscribed to (or to whom the bank allow to receive) the balance of the stock which she contracted for?

A. The bank took the whole loan, but previous to taking it, the committee appointed by the board for that purpose, had an understanding with another institution and individuals, under which the stock was distributable as follows, viz:

To the bank of Pennsylvania,	\$514,200
To the bank of Chester county,	25,000
William Brown,	250,000
S. & J. Nevins & co.	80,000
E. & W. Coleman,	50,000
James Paul,	61,000
John Brown,	8,000
David Caldwell,	3,800
Thomas & J. G. Biddle,	800,000
Robert Ralston,	90,000
William Sansom,	50,000
Caleb Brinton, jr.	23,000
T. & S. Wagner,	25,000
Norris Stanley,	12,000
Benjamin Chew,	8,000
	<hr/>
	\$2,000,000

These persons took the stock from the bank on the same terms at which the bank took it from the state, without any commission or compensation to the institution or any officer in it; and, from the first stock paid for, an ample security was retained by the bank for the subsequent payment. No stock has been transferred before payment was made. All the payments have been made, except 113,530 dollars, which will be due on the 1st proximo. No

committee, under a limited power "*to consider the measure and report to the board,*" ever took, or offered to take, any loan; but all the loans were taken by the committees under full and express powers from the board *to do the thing*, and which left nothing to their discretion but the *manner* in which they should do it, and the *price* which they should pay for it. All those committees regularly reported their proceedings to the board, and those proceedings were always approved and adopted by the board. The agency of the cashier was wholly in compliance with direction of those committees, and he executed their instructions to their entire approbation. The propriety and expediency of the measures, adopted for taking the last loan, for the advantage of both the commonwealth and the bank, is not doubted by this committee. A majority of the directors were then convinced, and are now convinced, that the loan would have *failed*, but for the arrangements then adopted by the bank; and, in such an event, the credit of the state would have been prostrated, the public improvements suspended, and the bank could have found no sale, unless at a great sacrifice, for any part of the 1,792,000 dollars of the state stock which she then held. No director expressed a wish to increase the amount, but all were anxious to diminish it; and it was not for *speculation*, but for self-protection, for state credit, for state improvements, and for securing the payment of the instalments into this bank, which induced the directors to invest additional funds in an object of which they already had enough, and more than enough. The extracts from the minutes of the board, relating to the several loans taken by this bank, are herewith exhibited, and marked C.

Q. 27. How did the losses happen which prevented a dividend in July, 1827, and if by discounts, to whom was the money loaned?

A. The losses which prevented a dividend in July 1827, were principally on discounted notes, many of which had been running for several years. A statement (marked D.) comprising some of the largest sums now remaining unpaid on those notes, with their drawers and endorsers, is herewith exhibited.

Q. 28 Have any of the salaries of any of the bank officers been *reduced* of late years, if so, what reduction?

A. In the beginning of the year 1828, the salary of the president was reduced 1000 dollars, that of the cashier 1250 dollars, that of the paying teller 360 dollars, that of the receiving teller 100 dollars, and that of the first book keeper 390 dollars.

Q. 29 Of the notes of other banks in the statement, what amount of city and good paper, and what of foreign or doubtful paper?

A. The city paper was for 140,086 dollars, the foreign, for 125,408 dollars, and of the whole about 194 dollars are deemed bad.

Q. 30 Since the 4th of March, 1810, has any of the stock of the said corporation been assigned or transferred to any person not a citizen of the United States?

A It is believed that no such transfer has been made since the 4th of March, 1810.

Q 31 Has the president or cashier of this bank been, directly or indirectly, concerned in the purchase or sale of any of the public stocks or funds?

A The committee have no reason to believe, that either the president or cashier has been directly or indirectly concerned in the purchase or sale of any of the public stocks or funds.

Q 32 Has the cashier been allowed to carry on any other business than that of the bank? If so, by what authority?

A The cashier has not been allowed to carry on any other business than that of the bank. By a resolution of the board on the 30th July last, the cashier was directed to do the business of *commissioner of loans*. This, however, is considered as *the business of the bank*, and that it became so by the acts of the legislature, requiring it to be done by the bank, and by the resolution of the directors, agreeing that the bank shall do it. A copy of the proceedings of the board on that subject, (marked E) is herewith presented.

Q 33 Has the bank ever discovered kegs or boxes of cents, to a considerable amount, in the cellar or elsewhere, that she had no account of?

A In the early part of the last year, cents, in a keg or a box, amounting to about twenty-nine dollars, were discovered in an improper place in the cellar.

In addition to their answer to question No. 26, the committee beg leave, at this time, respectfully to state:

1. That the state loan of 1821, for one million of dollars, was taken on the tenth of May, 1821, by the cashier, under the direction of a committee (consisting of Messrs. Sansom, Ridgway and Clapier) appointed, with full power, on the 11th of April, 1821; and in accordance with a previous agreement with the Philadelphia bank, the Farmers' and Mechanics' bank and the bank of North America; the stock when obtained was divided as follows, viz:—The bank of Pennsylvania took \$500,000, the Philadelphia bank took \$250,000, the Farmers' and Mechanics' bank took \$150,000, and the bank of North America took 100,000.

2. That of the state loans of 1824, this bank took five hundred thousand dollars, which was done by the cashier under the direction of a committee (consisting of Messrs. Sansom, Turner and Robertson) appointed with full powers, on the 3d of April, 1824, and whose report of their proceedings was approved and adopted by the board on the 5th of June, 1824.

3. That the state loan of 1825, for one hundred and fifty thousand dollars, was taken on the first of June, 1825, by the cashier, under the direction of a committee (consisting of Messrs. Sansom, Turner and Robertson) appointed with full powers, on the 18th of May, 1825, and whose report of their proceedings was approved and adopted by the board on the 11th of June, 1825.

4. That the state loan of 1827. for one million of dollars, was taken on the 9th of July, 1827. Eighty thousand dollars of it was taken by the Philadelphia bank and Farmers' and Mechanics' bank, and \$920,000 of it was taken by the cashier of this bank, under the direction of a committee (consisting of Messrs. Sansom, Brown and Neff) appointed with full powers on the 13th of June, and whose report of their proceedings was sanctioned by the board on the 14th of July, 1827. Previous to offering for this loan, an agreement was made by the committee, with the Philadelphia bank, the Farmers' and Mechanics' bank and Messrs. Thomas and John G. Biddle, on the 29th of June, under which the stock was to be shared as follows, if it should be obtained, viz:—The bank of Pennsylvania was to take \$426,000, the Philadelphia bank was to take \$160,000, the Farmers' and Mechanics' bank was to have \$174,000, and Messrs. Thomas and John G. Biddle were to have \$200,000. This stock was taken at \$104 75, and as the price was higher than was satisfactory to the Farmers' and Mechanics' bank, and to the Philadelphia bank. those institutions did not take the full amount originally contemplated, but the whole stock was finally divided as follows, viz:—The bank of Pennsylvania took 720,000, the Farmers' and Mechanics' bank, and the Philadelphia bank, took, \$80,000, and Messrs. Thomas and J. G. Biddle took \$200,000.

B.

Bank of Pennsylvania, Sept. 20th, 1828.

The following report and resolutions were adopted by the board.

The committee appointed on the twenty-sixth of April last, to investigate and report to the board, the circumstances of the loss arising from a deficiency of two thousand dollars of specie in the vault of the bank. Two boxes being found empty which should have contained each, one thousand dollars in half dollars, respectfully report,

That they have devoted much time and attention, to ascertain the circumstances which occasioned this loss, but they are still unable to present to the board any positive proof which will lead to the detection of the individual by whom this money was purloined. From the testimony of John Billmeyer, who has charge of the specie in the vault, it appears he was obliged by indisposition, to absent himself from the bank for six weeks, in a part of December, 1825, and in January, 1826, during which period the charge of the specie in the vault, devolved on John Rayfield, then a porter in the bank. It is believed, the two boxes found in the vault empty, were placed there in that state, with the view of representing full ones, for the express purpose of deception. And from a variety of circumstances which appeared in evidence before your committee, this might have been done during the indisposition of John Bill-

meyer; and that the two thousand dollars which these two empty boxes represented as being in the vault, in the opinion of your committee, were never carried into the vault, but fraudulently concealed in some obscure part of the bank and gradually taken away as opportunity permitted. The death of John Rayfield, on the twenty eighth of February, 1826, precludes the possibility of now obtaining that information which might then have been had. John Billmeyer, on the restoration of his health and return to his duties in the bank, did not count the specie in the vault, for the purpose of ascertaining whether the business performed during his absence, was done faithfully, and this omission is to be lamented, for had it been done at that time, much light might have been thrown on this mysterious affair, and possibly have led to a discovery. The committee, after carefully investigating this business, have no cause to suspect any person now employed in the bank as implicated in any manner in the fraud, and as the loss appears inevitable and certain to the bank, beyond the possibility of presenting to the board any conclusive proof as to the manner in which the money was taken, nor as to the person who took it, or of pointing out any measures which will avail for its recovery, the committee respectfully propose the following resolutions, which they consider as embracing the object now under consideration, and with the view to guard more effectually against any similar occurrence.

Resolved, That a special committee be appointed by the board, whose duty it shall be to count all the specie and notes of the bank of every description and make a careful examination of all the concerns of the institution, and by their report enable the board to know with certainty, whether the funds of the bank are now entire.

Resolved, That a special committee be appointed to consider and report to the board, what further regulations are necessary and expedient for the faithful performance of the duties of the clerks and porters respectively, so that the proper responsibility and accountability of each shall be more distinctly specified, ascertained and established.

All which is respectfully submitted,

Signed, J. RIDGWAY,
MARK RICHARDS.

The following members were then appointed a committee to execute the duty prescribed by the first resolution, viz. Messrs. Sansom, Preston, Hemphill, Ridgway, Stocker, Vaux, Brown, Richards, White, Wager, Ralston, Penrose, Wagner, Laguerenne, Neff, Leiper, Palethrop, Sullivan, Cave and Okie.

The following members were then appointed to execute the duty prescribed by the second resolution, viz. Messrs. Ridgway, Richards and Okie.

Extract from the minutes.

Attest, E. CHAUNCEY,
Cashier.

BANK OF PENNSYLVANIA,

1st January, 1829.

The committee of the bank of Pennsylvania, have instructed me to hand you the enclosed answers, to the questions proposed by the committee of the legislature, on the 30th ultimo.

The lists of names, referred to in the answer to the questions No. 2, is made out; and if required will be exhibited to-morrow; although its publication would perhaps be considered as interfering with the rights of individuals doing business with this bank.

I am, very respectfully yours.

WM. SANSOM, *Chairman.*

J. R. BURDEN, Esq. *Chairman*
of the committee of the legislature.

C.

(*Extracts from the minutes.*)

Bank of Pennsylvania,

Wednesday, April 11th, 1821.

It was moved by Mr. Richards, seconded by Mr. Carey, that a committee be appointed, with full powers, in relation to any subscription they may deem it expedient to make to the proposed loan of money to the commonwealth of Pennsylvania, agreeable to the notice from the Treasury Department, dated the fifth instant.

Whereupon, Messrs. Sansom, Ridgway and Clapier, were appointed.

Bank of Pennsylvania,

Saturday, April 3d, 1824.

A letter from the secretary of the commonwealth, dated the thirty-first ultimo, with a copy of the act of assembly of the thirty-first ultimo, was submitted to the board. Whereupon, it was voted, that the whole subject be referred to a committee, consisting of Messrs. Sansom, Turner and Robertson, with full power, to negotiate and agree with the state for the full amount of the loan of six hundred thousand dollars, or any part of it, on such terms as they may think expedient.

Bank of Pennsylvania; Saturday June 5th, 1824.

The following report was read.

The committee appointed on the 3rd of April last, respectfully report:

That they have carefully attend to the object of their appointment, and by agreements with the Governor of Pennsylvania, have obtained 500,000 dollars of the five per cent stock, created under the act of Assembly passed the 30th of March last.

Of this stock 280,000 dollars is to be received *at par*, in payment of the balance due from the commonwealth to this bank, for

advances which were payable at the pleasure of the commonwealth, and the stock will bear interest from the 1st of May last, and will be redeemable at any time after ten years and not exceeding fifteen years.

The remainder of this stock, amounting to 220,000 dollars, has been obtained on a proposal made by this bank at a public competition on the 1st inst. The *premium* to be paid is 8327 dollars.

The money is to be advanced at the following periods, viz:

100,000 dollars on the 1st Monday in June.

80,000 do on the 1st Monday in October.

40,000 do on the 3rd Monday in December next.

The certificates for these sums will be received, bearing interest from these dates respectively; and will be redeemable at any time after the 1st day of January, 1839.

All which is respectfully submitted.

Signed

WILLIAM SANSOM,
JAMES ROBERTSON,
JOHN TURNER,

Committee.

Whereupon, the board voted that this report be accepted and adopted.

Bank of Pennsylvania, Wednesday, May 18th, 1825.

The act of the legislature passed 11th April, and a public notice from the Secretary of State, authorising and inviting a loan of one hundred and fifty thousand dollars, to the commonwealth, were read.

Whereupon, the board voted, that the subject be referred to Messrs. Sansom, Turner and Robertson, with *full power* to negotiate and agree with the commonwealth, to lend the sum of one hundred and fifty thousand dollars, or any part of it, and receiving negotiable certificates of stock at such terms as the committee think expedient.

Bank of Pennsylvania, Saturday, June 11th, 1825.

The following report was read and approved by the board.

Bank of Pennsylvania, June 10th, 1825.

The committee appointed on the 18th ultimo, with full powers to negotiate and agree with the commonwealth of Pennsylvania, for the five per cent. stock, to be created under the act of Assembly passed the 11th of April last, respectfully report:

That they have attended to the business of their appointment, and have agreed with the governor for the whole of the five per cent. stock, to be created under the act of 11th April last, amounting to 150,000 dollars, the interest on which is to be paid at this bank semi-annually, and the stock itself is to be redeemed by the state at any time after the 1st of January, 1840.

For this stock the committee has agreed that the bank shall pay a premium of *two and a half per cent.*, amounting to 3750 dollars on the whole stock, and that the money shall be advanced at the following periods, viz:

51,250 dollars on the 1st of July next.

51,250 do 1st of September next.

51,250 do 31st of December next.

153,750 dollars.

The certificates of stock to be received will bear interest from these dates respectively.

All of which is respectively submitted.

Signed

WM. SANSOM,
JAMES ROBERTSON,
JOHN TURNER.

Committee.

Bank of Pennsylvania, Wednesday, June 13th, 1827.

The board voted, that Messrs. Sansom, Brown and Neff, be a committee, *with power* to negotiate and agree with the state of Pennsylvania, for the whole or any part of the loan of 960,000 dollars, which the state is desirous to obtain on the 9th of July next, on such terms as said committee shall deem expedient.

Bank of Pennsylvania, Saturday, July 14th, 1827.

The following letter from the Secretary of the commonwealth was read, and the board voted that the loan of 920,000 dollars be taken on the terms stated in the letter of the Secretary, and that it be shared agreeably to the previous agreement of the committees, as follows, viz: 720,000 dollars of stock for the bank of Pennsylvania, and 200,000 dollars to Messrs. Thomas and John G. Biddle.

Harrisburg, July 10th, 1827.

SIR.—I am directed by the Governor to inform you, that he will accept on behalf of the commonwealth, under the provisions of the act of the 9th April last, to provide for the further extension of the Pennsylvania canal, a loan from the bank of Pennsylvania, agreeably to your proposals of the 9th instant, of the sum of nine hundred and twenty thousand dollars upon the said bank, paying a premium of four dollars and seventy-five cents on every hundred dollars of stock, bearing an interest of five per cent per annum, The amount to be deposited in the said bank to the credit of the commonwealth as follows:—Eighty thousand dollars on the 20th instant, and the further sums of one hundred and sixty thousand dollars on the first days of August, September, October, November and December next. The remaining sum of forty thousand dollars at such time as may be required by the government, the interest to commence when the deposits are made as aforesaid,

and certificates of stock to be issued in the name mentioned in the public proposals for the loan from the Secretary's office, of the 8th of June last. I am further directed to inform you, that the sum of eighty thousand dollars has been obtained of the loan authorised by the before mentioned act, on the terms and conditions on which the general loan might be obtained, reserving to the lenders the right to be repaid; if not satisfied to continue the loan upon these terms. Information will be conveyed by this day's mail to the lenders, of the terms of the general loan; and if repayment is required, then the Governor will accept from your bank a loan of the said sum of eighty thousand dollars, to be deposited to the credit of the commonwealth on the 20th instant, at the same premium, and on the same terms that the loan of \$920,000 is made for. As soon as an answer is received from the lenders of the \$80,000, you will be apprised of it.

You will be pleased in reply to state, that the bank of Pennsylvania agrees to make the loan in the manner stated in this letter.

I am with much respect,

Your obt. servt.

Signed I. D. BARNARD.

ELIHU CHAUNCEY, Esq.
Cashier of the Bank of Pennsylvania.

Bank of Pennsylvania, Saturday, May 24th, 1828.

The cashier informed the board, that the State Treasurer was now in the house, and was desirous of conferring with the directors, or with any committee who shall be appointed by the board, on the subject of a special loan of money to the commonwealth, which the Governor is desirous to obtain under the act of 21st April last.

Whereupon, the following resolution was offered by Mr. White. seconded by Mr. Ralston, and adopted by the board.

“*Resolved*, That a committee be appointed to confer with the State Treasurer on the subject of, and agree to make a temporary loan to the state, of a sum of money not exceeding 150,000 dollars, on such terms as the committee shall agree to.

Messrs. Ridgway, Sansom, Palethorp, Brown and Laguerenne, were appointed on this committee.

The following report was read and approved by the board:

Bank of Pennsylvania, Saturday, 31st May, 1828.

The committee appointed on the 24th inst. respectfully report:

That in conformity with powers conferred by the resolution, they have made a loan of 150,000 dollars to the commonwealth of Pennsylvania, (it being a part of the sum which the Governor was authorised to borrow under the act of Assembly passed the 21st April last,) and the amount has been placed to the credit of the commonwealth in this bank. The whole sum is to be re-imbursed.

to the bank on the 14th day of July next, with interest, at the rate of 5 per cent. per annum, on fifty thousand dollars, from the 24th instant, and on one hundred thousand from the 29th instant.

All which is respectfully submitted.

Signed,

J. RIDGWAY,
W^M. SANSOM,
W^M. BROWN,
P. L. LAGUERENNE,
Committee.

Bank of Pennsylvania, June 21, 1828.

The following report was approved, and ordered to be inserted on the minutes.

Bank of Pennsylvania, June 21, 1828.

The committee, appointed for the sale of a portion of the state five per cent. stock, owned by this bank, report in part, *for the information of the board*:

That under the authority given by the resolution of the 5th of April last, they have transferred and sent to Messrs. Baring, Brothers, & Co. of London, five hundred thousand dollars of the stock created under the act of 9th April, 1827, with instructions to sell it at the best price that can be obtained, but not at a price less than ninety-five per centum. This stock was forwarded to Messrs. Baring, Brothers, & Co. at the periods, and in the sums following:

22 Certificates, in the cashier's letter of 18 April last, sent per the ship Algonquin,	\$ 100,000
22 Certificates in the cashier's letter of April 21 last, sent per the ship Brighton, from N. Y.	100,000
22 Certificates in the cashier's letter of 4th June, inst. sent per the ship George Canning, from New-York,	100,000
22 Certificates in the cashier's letter of 13th June, instant, sent by the ship Cambria, from New-York,	100,000
22 Certificates in the cashier's letter of 20th June, sent per the ship Tuscarora, from Philadelphia,	100,000
	<hr/>
	\$ 500,000

From Messrs. Baring, Brothers, & Co. no reply has as yet been received, but it is daily expected. Several letters from London, as late as the 13th of May, induce the committee to expect, that the sales of this stock will be at prices above their limit, and satisfactory to the board.

Under the resolution of 21st November last, to sell any amount of stock not exceeding 500,000 dollars, the committee have sold in this city, of the same kind of stock, \$154,600 87, for which has

been received in cash, \$123,489 58, and in paper, with satisfactory security, \$40,202 67, making together, \$163,992 25.

This information is respectfully submitted, by

(Signed,)

J. RIDGWAY,
WILLIAM SANSOM,
WILLIAM BROWN,
P. L. LAGUERENNE,
JOHN H. PALETHORP,
Committee.

Mr. Ridgway offered, and Mr. Preston seconded, the following resolution:

Resolved, That a committee be appointed and authorised to make such an offer for state stock, to be created under the act of 24th March last, as they shall think expedient, and for the interest of this bank.

It was moved by Mr. Sullivan, and seconded by Mr. Okie, that the consideration of the resolution offered by Mr. Ridgway, be postponed, for the purpose of enabling Mr. Sullivan to introduce a substitute, which he read in his place. It being required by Messrs. Sullivan and Okie, that the vote on this motion be taken by *yeas* and *nays*, it was so taken, and the motion was lost by the following vote:

Yeas, Messrs. Okie, Palethorp, Sullivan and Cave—4.

Nays, Messrs. Sansom, Preston, Hemphill, Ridgway, Vaux, Brown, Richards, White, Ralston, Penrose, Wagner, Morgan, Neff, Leiper and Norris—15.

The board then agreed, on motion of Mr. Neff, seconded by Mr. Ralston, to add to the resolution offered by Mr. Ridgway, the following words, viz: "Provided said committee shall be of opinion that they can reduce the state stock held, and to be held, to 12 or 1500,000 dollars, within six months or nine months from this date." Messrs. Sullivan and Okie required that the vote on the resolution as amended, should be taken by *yeas* and *nays*, and it was so taken, and the resolution as amended was adopted by the board. The *yeas* were, Messrs. Sansom, Ridgway, Preston, Vaux, Brown, Richards, White, Ralston, Penrose, Wagner, Neff, Leiper and Norris—13. The *nays* were, Messrs. Okie, Palethorp, Sullivan and Cave—4.

Mr. Sullivan moved, and Mr. Okie seconded, the following resolution:

Resolved, That in any sum which the bank of Pennsylvania may offer for the state stock to be created by the act of March, 1828, the bank shall offer, in its *own name*, and without the connexion or participation of any other corporation or individuals.

Messrs. Sullivan and Cave required that the *yeas* and *nays* should be taken on this proposed resolution, which was done accordingly, and the same was rejected by the following vote:

Yeas, Messrs. Wagner, Okie, Palethorp, Sullivan and Cave—5.

Nays, Messrs. Sansom, Preston, Ridgway, Vaux, Richards, White, Ralston, Penrose, Neff, Leiper and Norris—11.

Messrs. Ridgway, Sansom, Brown, Laguerenne and Palethorp, were appointed the committee to carry into effect the resolution proposed by Mr. Ridgway, as amended and adopted by the board.

Bank of Pennsylvania, June 25, 1828.

Mr. Sullivan offered, and Mr. Okie seconded, the following resolution:

Whereas, The large amount of the capital stock of this bank, held by the state, induced the legislature to reserve the right of electing a portion of the directors: And *whereas*, the magnitude of the stock operation now under consideration, involving as it does the prosperity of the institution, would justify a full representation of the state directors: Therefore,

Resolved, That one of the state directors be added to the committee on stocks.

Messrs. Sullivan and Okie required that the vote on this proposed resolution be taken by yeas and nays, which was so taken, and the resolution was rejected by the following vote:

Yeas, Messrs. Brown, Okie, Palethorp, Sullivan and Cave—5.

Nays, Messrs. Sansom, Preston, Ridgway, Stocker, Vaux, Richards, White, Wager, Ralston, Penrose, Wagner, Neff, Leiper and Norris—14.

Bank of Pennsylvania,

Wednesday, July 9, 1828.

The following report was read:

Bank of Pennsylvania, July 9, 1828.

The committee appointed and authorised on the 21st ultimo, "to make such an offer for state stock to be created under the act of 24th March last, as they shall think expedient, and for the interest of the bank," respectfully report:

That they have contracted with the Governor for the stock to be issued under the act of 24th March last, amounting to *two millions of dollars*, and are to pay one hundred dollars in money, for every one hundred dollars in stock, as will be seen by the annexed letter from the Secretary of the commonwealth, dated the 1st instant. In the distribution of this stock, the sum of \$514,200 will be the property of this bank; and the sum of 1,485,800 dollars will be transferred to those other institutions and individuals who were united in the object, agreeably to the previous agreement of the committee.

All which is respectfully submitted, by

WM. SANSOM,
J. RIDGWAY,
P. L. LAGUERENNE,
WILLIAM BROWN,
J. H. PALETHORP,
Committee.

Secretary's Office, Harrisburg, July 1, 1828.

SIR—I am instructed by the Governor to inform you that he will accept of a loan of *two millions of dollars* from the bank of Pennsylvania to the commonwealth of Pennsylvania, under the authority of the act of the general assembly of the 24th day of March last, upon the terms contained in your first proposition, viz. upon the bank's paying one hundred dollars in money for every one hundred dollars in stock, in your letter, dated this day; the money to be deposited in the bank of Pennsylvania, to the credit of the commonwealth, in the sums, and at the times specified in the proposals issued from this office on the 28th May last, for canal and rail road loan. You will please apprise me of your acceptance of these terms, on behalf of the bank of Pennsylvania, and forward to the state treasurer certificates of the deposits.

Very respectfully, your obedient servant.

(Signed)

C. BLYTHE,

Sec'y of the Commonwealth.

Whereupon, the board voted, that the report of the committee be accepted and approved.

The following resolution was moved by Mr. Palethorp, seconded by Mr. Okie:

“Resolved, That the names of the respective persons and corporations, together with the amount taken by each, of the recent state loan, be entered at large upon the minutes of this bank.”

Messrs. Palethorp and Okie required that the vote on this resolution shall be taken by yeas and nays; and the vote being so taken, the resolution was adopted, there being 12 votes in favor of it, and 4 votes against it, viz.

Yeas—Messrs. Brown, Richards, White, Wager, Ralston, Wagner, Neff, Okie, Leiper, Palethorp, Sullivan and Cave—12.

Nays—Norris, Sansom, Preston, Ridgway—4.

The names and amounts referred to in the above resolution, are as follows:

The Bank of Pennsylvania	\$ 514,200
Tho. and Jno. G. Biddle	800,000
William Brown	250,000
Robert Ralston	90,000
Sam. and Jas. Nevins	80,000
William Sansom	50,000
Edward and William Coleman	50,000
Bank of Chester county	25,000
Caleb Brinton, jr.	23,000
Messrs. Wagners	25,000
James Paul	61,000
Norris Stanley	12,000
John Brown	8,000
Benjamin Chew	8,000
David Caldwell	3,800

\$ 2,000,000

*Bank of Pennsylvania,
Wednesday, August 13, 1828.*

The following letter was read:

*Office of the Secretary of the Commonwealth,
Harrisburg, August 7, 1828.*

SIR—I have to inform you that the canal commissioners of the commonwealth will meet at this place on the 18th day of the present month, when it is expected that an application will be made by the board to the Governor, for his warrant for a larger sum or sums for canal purposes, and payable sooner than was at first thought necessary. I am, therefore, directed by the Governor to request of you the favor to inform him, as soon as conveniently may be, whether or not one or more instalments of the permanent loan of the present year, can be had from the bank of Pennsylvania, at an earlier period than was heretofore agreed upon; and if so, at what time payment can be made.

I am, sir, very respectfully,
Your friend.

JAMES TRIMBLE.

ELIHU CHAUNCEY, Esq.
Cashier Bank Pennsylvania.

Whereupon, on motion of Mr. Palethorp, seconded by Mr. Richards, the board adopted the following resolution:

“Resolved, That the cashier be requested to reply to the letter of the 7th instant, from the Deputy Secretary of the Commonwealth, and inform that this bank will agree to pay forthwith to the commonwealth, the sum of 293,094 dollars, on account of the future payments to be made under the contract of first ultimo, for the permanent loan of 1828; so that each subsequent instalment shall be reduced from 190,000 dollars to 141,151 dollars.”

*Bank of Pennsylvania,
Saturday, November 15, 1828.*

A letter from the Secretary of the Commonwealth, dated the 12th instant, communicating the request of the Governor, that the bank will advance 92,000, on account of the instalments of the loan of 1828, payable in January and February. On motion of Mr. Sullivan, seconded by Mr. Palethorp, the consideration of this letter was postponed until the next discount day; it being agreed, on motion of Mr. Neff, seconded by Mr. Sansom, that when the vote shall be taken on agreeing to the request of the Governor, it shall be taken by yeas and nays.

*Bank of Pennsylvania,
Wednesday, November 19, 1828.*

The consideration of the following letter from the Secretary of the Commonwealth was resumed:

SECRETARY'S OFFICE,

Harrisburg, November 12, 1828.

E. CHAUNCEY, Esq.

SIR—I am instructed by the Governor to inquire of you whether the Pennsylvania bank can advance ninety-two thousand dollars, on account of the instalments of the loan of 1828, to the commonwealth, payable on first day of January and February next, to be proportioned between those two instalments, and be applied to the payment of drafts now held by the Pennsylvania branch bank, of this place. The branch bank, I understand, now holds drafts to the amount of sixty-six thousand dollars, payable out of the December instalment; and to the amount of twenty-six thousand dollars, payable out of the January instalment. It would considerably facilitate the canal operations if those drafts could now be paid by advancements on account of the January and February instalments.

Very respectfully,

Your obedient servant:

(Signed)

C. BLYTHE.

Whereupon, Mr. Ridgway moved, and Mr. Richards seconded, the following resolution:

Resolved, That this bank will accede to the request of the Governor, as communicated in the letter of the Secretary of the Commonwealth, dated the 12th instant, by advancing, on account of the loan of 1828, the sum of ninety-seven thousand dollars, in anticipation of the January and February instalments; provided, the whole amount so advanced shall be applied to pay the drafts on the treasurer, which are now held by the office at Harrisburg.

This resolution was adopted by the board; twelve members voting in favor it, and five members voting against it.

Those who voted for it were Messrs. Sansom, Preston, Ridgway, Vaux, Brown, Richards, White, Ralston, Penrose, Laguerrenne, Leiper and Norris.

Those who voted against it were Messrs. Wager, Neff, Okie, Palethorp and Sullivan.

Bank of Pennsylvania, Wednesday, November 26, 1828.

The cashier submitted the following letter received from the department of state.

*Secretary's Office,**Harrisburg, November 21, 1828.*

SIR,

I am instructed by the Governor, to inquire of you, whether the bank of Pennsylvania can advance to the commonwealth, for canal purposes, the balance of the two last instalments of the loan of 1828, which were made payable on the first days of January and February, 1829, amounting to 153,600 dollars. Sixty-five thousand dollars of this sum will be wanted immediately to meet present demands on the treasury, and the remainder when called for.

The Governor wishes to receive the above information as early as your convenience will permit.

I am respectfully your friend,

JAMES TRIMBLE,
Deputy Secretary.

ELIHU CHAUNCEY, Esq. *Cashier*
of the bank of Pennsylvania.

Mr. Wager moved and *Mr. Palethorp* seconded the motion, *that the above application be rejected.* While this motion was under consideration, *Mr. Ralston* moved and *Mr. Richards* seconded, that the further consideration of the subject be postponed until the next meeting of the board. The motion of postponement was agreed to by the board.

Bank of Pennsylvania, Wednesday, December 3, 1828.

The board resumed the consideration of the letter of the Deputy Secretary of the commonwealth, dated 21st ultimo, and the motion of *Mr. Wager*, seconded by *Mr. Palethorp*, "*that the application of the Governor be rejected,*" being withdrawn by the mover, *Mr. Sansom* moved the following resolution, which being seconded by *Mr. Richards*, was adopted by the board:

Resolved, "That this bank will advance the sum of 76,300 dollars to the commonwealth, in anticipation of the January instalment, of the loan of two millions of dollars."

Extract from minutes, October 29, 1828, bank of Pennsylvania.

Resolved, That the committee on stock be, and they are hereby authorised, if they deem it expedient, to obtain temporary loans, and pledge state stock for security, to an amount not exceeding two hundred thousand dollars.

Extract from minutes, November 1st, 1828.

Extracts from minutes, October 25, 1828. Bank of Pennsylvania.

The cashier reported that in compliance with the resolution passed the 25th inst. he had proceeded to Harrisburg, and had made an arrangement with the Harrisburg bank, by which, of the balance now to the credit of that bank, the sum of 150,000 dollars is to remain in this bank, not to be drawn on for 60 days from this date, on interest at the rate of 5 per cent per annum. This report was approved by the board.

1st. *Resolved*, That the committee for selling the stock, be and are hereby authorised to give instructions to Messrs. Baring, Brothers & Co. of London, to dispose of the stock, held by them for account of the bank of Pennsylvania, at the current market price of the stock.

2d, *Resolved*, That the cashier, or one of the directors, be and he hereby is authorised and desired to proceed to Harrisburg with the view that he negotiate and make any arrangement with the

bank at Harrisburg in relation to its deposits in this city: *Provided*, That in such an arrangement he does not make an allowance exceeding 3 per cent. interest on their credit, and that such contract may be dissolved by either party on giving 30 days notice, and that he is authorised to negotiate for the present deposit of the Harrisburg bank for a shorter period *without limit of interest*.

Philadelphia, January 16, 1829.

H. SIMPSON, *Secretary*
of the committee of the Legislature.

The following statements refer to some parts of my testimony before the committee of the legislature. I stated that a large amount of business paper was rejected at the bank of Pennsylvania, in the year 1828, principally occasioned by the large amounts of stationary loans held by the bank, which crippled its resources. The following amount is taken from the books:

Rejected in January, 1828,	\$50,097
February	76,907
March	334,822
April	213,319
May	176,667
June	170,032
July	90,188
August	45,545
September	52,391
October	211,669
November	122,872
December	165,237
Total	<u>\$1,709,746</u>

During that period there had been discounted by the *president*, in violation of the charter and by-laws of the bank, without the knowledge or consent of the board of directors, \$189,600 00 for one broker, *Biddle*.

During the same period, the board discounted 34,916 00 for do do

Amount in 1828	<u>224,516 00</u>
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It had been stated by John White, that the bank of Pennsylvania was a creditor bank in account with the *city banks*, on the 12th of July \$448,000, and on the 19th July \$393,000, which balances were occasioned by the loan of 1828 having been taken by the bank; it was further added "that the bank remained a creditor bank for a *considerable* time afterwards, and generally for *large amounts*." The following will show: July 18, the bank was a

creditor in account with other banks in the city and country	\$242,572
It was a debtor bank August 5,	\$116,950
August 19,	403,965
September 16,	455,455
October 10,	482,322
December 31,	404,259

Thus you will perceive that from the 18th July, the bank was indebted to other banks in the large sum of 350,000 to \$450,000; an amount averaging three to five times the amount of specie frequently in the vaults of the bank. This is a transcript from the books of the bank. It will appear, that while one broker was accommodated in 1828, to the amount of \$224,516, a large portion of which was at the rate of five per cent. per annum, the large amount of \$1,500,000 of first rate business paper, which would have yielded 6 $\frac{1}{4}$ per cent. to the bank, was rejected.

JOHN T. SULLIVAN.

A monthly tabular statement of the situation of the bank of Pennsylvania and its branches, from March to December, 1828; taken from the statements of the bank and its branches, on the 20th day of each month respectively; or, the dates nearest to that on which the statements were made up; shewing 1st, the balances in favor of or against the bank, in account with the other banks in Philadelphia. 2d, The amount of notes discounted by the bank in Philadelphia. 3d, The amount of notes discounted by its branches. 4th, The total amount of notes discounted by the bank and its branches. 5th, The amount of stocks held by the bank, bearing an interest. (State 5 per cent. Schuylkill navigation and Union canal, and Chesapeake and Delaware canal 6 per cents.) 6th, The total amount of notes discounted by the bank and its branches, and stocks bearing an interest, held by the bank. 7th, The amount of the notes of the bank in circulation. 8th, The amount of specie in the bank and its branches—all at each date respectively.

In this statement the fractional parts of dollars are omitted.

Dates.	Balances in account with banks in Philadelphia		Amount of notes discounted by the bank in Philadelphia.	Amount of notes discounted by the branch banks.	Total amount of notes counted by bank and its branches.	Amount of stocks bearing an interest held by the bank.	Total amount of notes discounted by the bank and its branches, & stocks bearing an interest held by the bank.	Amount of notes of the bank of Pennsylvania in circulation.	Amount of specie in the bank and its branches.
	In favor of the bank of Penn'a.	Against the bank of Pennsylvania.							
	Dollars.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dollars.	Dolls.	Dolls.
March,			1709386	808000	2517386	2006277	4523663	866979	178743
April,	82067	74522	1600287	882338	2482625	2006277	4489002	906741	194194
May,		124965	1512552	862752	2375304	1957785	4333089	804751	201022
June,		24149	1473246	849956	2323202	1882787	4205989	892130	178126
July,	371107		1586255	848602	2434857	2057084	4491941	836410	188932
August,	107974		1643063	849130	2492193	1990782	4482975	842528	218321
Septemb.	68098		1659371	842047	2501418	2280046	4781464	962063	193260
October,	21855		1665645	884824	2550469	2251316	4801785	957457	190042
Novemb.	11623		1630561	935724	2566285	2170625	4736910	1010934	182765
Decemb.		152337	1619764	973759	2593523	2136216	4729739	1164029	200170

At the time the statement was made in June, there was a special loan to the state of \$150,000, not included in the above; and at the last date, December, there was also a special loan to the state of \$162,030, not included in the above. \$40,000 Schuylkill Navigation 6 per cent. stock, \$50,000 Union canal 6 per cent stock, and since July, \$10,000 Chesapeake and Delaware canal 6 per cent. stock, is included in the amount of stocks; the balance is of various state loans bearing an interest of five per cent.

The first instalment on the two million loan was payable into this bank on the 10th July, and its effects were immediately and most beneficially felt by the bank. By this statement it will appear, 1st. That the balances in account with the banks of Philadelphia, which had previously been largely against the bank of Pennsylvania was immediately after changed in its favour, to the amount of \$371,107 dollars, and were continued for several months for large sums in its favour.

2d. That the balances in its favour enabled the bank to increase the amount of its specie, which at the time of the last statement was above 12 per cent. more than it was at the time of the June statement. *The last before the loan.*

3d. That instead of impairing commercial operations and crippling the means of the bank, it has enabled it to increase the discounts at the bank in Philadelphia, as well as at its branches. The total amount of discounts having increased at every statement since June, and at the last statement in December, was upwards of 11 per cent. more than they were in June. In the city the amount of discounted paper has been decreased since October, it was however, in December, \$146,518 more than it was in June. The total amount of discounts at the branches is increased \$123,803 in the same time.

4th. That the amount of discounted notes and stock bearing an interest to the bank have together been increased since June 523,750 dollars.

5th. That the increase of the circulation of the notes of the bank, produced principally, it is believed, by the payments to the state for the two million loan, (1828) *passing through this bank*, is upwards of thirty per cent. more than it was in June.

The large balance against this bank in the account with the other banks in Philadelphia, at the time of the December statement was decreased before the next discount day, to \$65,940; it is this 14th January, 1829, not made up completely; it was however, on the 10th instant \$8,521 in favour of the bank. This statement is referred to by John White, in his evidence before the committee of the legislature.

JOHN WHITE.

January 14, 1829.

E.

Bank of Pennsylvania, Wednesday, July 23d, 1828.

The following letter, with the documents mentioned in it, were read by the President, and ordered to lay on the table for consideration, on the next discount day.

Bank of Pennsylvania, 22d July, 1828.

GENTLEMEN,

I beg leave to lay before you a letter addressed to me by the Secretary of the commonwealth, dated 18th instant, enclosing a commission from the Governor, appointing me *commissioner of loans*, under the act of 14th April last, with instructions designating the manner in which the duties of the office shall be executed.

My object in presenting these documents, is to obtain your decision and direction, whether I shall, or shall not, accept the appointment and perform the duties.

In making this decision, it will be proper to refer particularly to the 18th article of the 7th section of the act of incorporation; and if it shall be the opinion of the board, that my acceptance of the appointment, and attention to the business, will be contrary to the provision of this article, it will be my duty promptly to decline them.

I am gentlemen,

Most respectfully,

Your obedient servant,

E. CHAUNCEY, *Cashier.*

*To the President and Directors
of the bank of Pennsylvania.*

Bank of Pennsylvania, Saturday, July 26th, 1828.

The board took up for consideration a letter from the cashier, dated 22d instant, with the letter from the Secretary of State, dated 18th instant, a commission from the Governor, dated 18th instant, appointing Elihu Chauncey, commissioner of loans for the state of Pennsylvania, with instructions for managing the business: *Whereupon*, Mr. Ridgway offered a resolution on the subject, which resolution, with the letters and other documents, were ordered to be postponed for consideration, until the next discount day; and the cashier was requested to give notice to the absent members of the board that they may attend at that time.

Bank of Pennsylvania, Wednesday, July 30th, 1828.

The following resolution, which was offered by Mr. Ridgway and seconded by Mr. White on the last discount day, was again read and considered, viz:

Whereas, A prominent object for which this bank was established, was (as declared in its charter) to promote the regular, permanent and successful operation of the finances of this state: And *whereas*, the legislature has deemed it desirable for the successful

operation of the finances of the state, that its public stock shall be transferable, and the interest payable, at this bank, and that the Governor should appoint the president, or some other fit person, to issue and sign certificates of such stock of this commonwealth, as may be transferred at this bank: *And whereas*, the Governor has appointed Elihu Chauncey, the present cashier of this bank, to issue and sign certificates of such stock, pertaining to the loans of the commonwealth, as may be transferred at the bank of Pennsylvania:

Be it therefore,

Resolved, That this bank does hereby accede to those provisions of the several acts of the legislature, in which it has been enacted that the interest on the public stock of the state, shall be payable at this bank, at such times as shall be prescribed, and with such funds as shall be furnished by the state; that the certificates of debt, of the state, may be transferred at this bank, and the transfer received and recorded by, or under the direction of the cashier; and that the cashier, or any other officer in this bank, who has been or may be, appointed and commissioned by the Governor, for the purpose, be and he is hereby required to issue and sign (*as commissioner of loans of the commonwealth of Pennsylvania*), certificates of such stock, pertaining to the loans of the commonwealth, as may be transferred at the bank of Pennsylvania, according to the provisions of an act of the general assembly, passed the 14th day of April last; and that any and every sum or sums of money, which may be appropriated and paid by the commonwealth, for doing this business shall be placed to an account, in the general ledger of this bank, to be entitled "commissions received from the commonwealth, for doing the public business," and whatever expenses may be incurred by the bank in transacting said business, shall be charged to the same account.

Mr. Sansom and Mr. Ridgway required, that when the vote shall be taken on this resolution, it shall be taken by yeas and nays; and the vote being so taken, the preamble and resolution were approved and adopted, there being 14 votes in favor of them, and 3 votes against them. viz. *Yeas*, Messrs. Sansom, Norris, Preston, Ridgway, Vaux, Brown, Richards, White, Wager, Ralston, Penrose, Wagner, Laguerenne and Neff, 14,—*Nays*, Messrs. Okie, Leiper and Sullivan, 3.

The board then voted, on motion of Mr. Neff, that the cashier be requested to transmit a copy of the above resolution, to the Secretary of the Commonwealth.

Extract from the minutes.

Attest,

E. CHAUNCEY, *Cashier*.

Bank of Pennsylvania, 12th Jan. 1829.

SIR—The bank committee being informed that in this investigation, the committee of the legislature have no new matter to introduce, and that they have agreed that the bank shall be allowed the privilege of offering any testimony that may be necessary to

show that the affairs of the bank have been properly conducted, have instructed me to request, that the committee of the legislature will, in this stage of the inquiry, state specifically in writing what points or charges against the management of the bank, or the conduct of its officers, requires in their judgment any explanation or elucidation.

Many of the points are perfectly understood by the bank committee, and which they think would not require any explanation, but which may not appear so to the legislature; and, as it is desirable to give satisfaction, and to avoid a waste of time upon unimportant matter, the bank committee request that the points may be specified to which they shall direct attention.

Very respectfully yours,

WM. SANSOM, *Chairman.*

JESSE R. BURDEN, Esq. *Chairman.*

Bank of Pennsylvania, January 12, 1829

To Wm. Sansom, Esq. &c.

SIR—In answer to your communication of this inst. I beg leave to reply that committee of legislature have, during the whole course of the inquiry, given the bank a full opportunity of asking questions to witnesses, in addition to this, a copy of all questions have been furnished to the bank committee.

The committee of legislature, have not had time to examine the testimony given, and do not think it expedient to say whether any, or what charges have been substantiated, and conceive that they are not authorised to make any report, except to the legislature.

If, however, the committee of bank think it necessary to produce any evidence in their behalf, a full and fair opportunity will be given; at the same time the committee of legislature reserve the right of asking questions, and of examining any witness which they may deem proper.

Bank of Pennsylvania, January 12, 1829.

The bank committee inform, that they will be prepared at 8 o'clock this evening to commence testimony in relation to the concerns of the bank.

Very respectfully yours,

WILLIAM SANSOM, *Chairman.*

J. R. BURDEN, Esq. *Chairman.*

Bank of Pennsylvania, January 15, 1829.

SIR,

The bank committee have instructed me to make to the committee of the legislature the following communication:

In relation to the evidence which has been brought before you, the object of which was to implicate the conduct and character of

the cashier, we have the satisfaction to state that we have received from that officer, such full, free, and confidential statements and explanations as are perfectly satisfactory to us; and after full consideration of the subject, we have resolved, that it is not consistent with that confidence which the bank necessarily reposes in its officers, nor with a proper regard to the interests of the institution, that the cashier should make his explanations a matter of publicity. In the private business of the cashier, the committee do not find that Mr. Chauncey has done what is not allowed to every responsible customer of the bank.

Very respectfully yours,

WILLIAM SANSOM, *Cashier.*

JESSE R. BURDEN, Esq. *Chairman*
of the committee of the Legislature.

Specie on hand.

Boxes silver	\$119,000 00
Bags do	4,227 41
Cents in casks	2,507 45
Gold	2,154 10
	<hr/>
	127,888 96
	<hr/>

January 15, 1829.

Handed in by Mr. Smith, first teller, on affirmation.

Bank of Pennsylvania, January 16th, 1829.

SIR.—Five questions proposed to the cashier, are the yesterday only questions which are known to remain without an answer. If there are any other questions which have not been answered, we respectfully request they may now be specified.

The answers of the cashier to the five questions proposed yesterday, will be prepared and forwarded early next week to Harrisburg, as recommended by Dr. Burden.

Very respectfully,

Yours,

WM. SANSOM,
Chairman.

J. R. BURDEN, Esq. *Chairman.*

Resolved, That the sum of \$500,000 of the stock of the commonwealth of Pennsylvania held by this bank, be offered at public auction, at the Merchants' coffee house, on the inst., and that this sum, or such portion of it, shall be sold as can be effected at saving prices to the institution.

Offered by Mr. Sullivan.

2d January, 1829.

The joint committee of the legislature proceeded to the examination of witnesses on oath and affirmation, relating to the affairs of the Pennsylvania bank. When witnesses were called to answer the following questions, viz:

Abraham Okie, being affirmed.

Question. Was the protest of Abraham Okie, John T. Sullivan and Thomas Cave, directors of the Pennsylvania bank elected by the legislature, dated 12th July, 1828, presented to the board of directors, and was it requested to be entered with the minutes; and was it entered on the minutes?

Answer. On the 12th July, 1828, I stated to the president, "Sir, I hold in my hand a paper in the nature of a protest, which I wish to present to the board, in order that the same might be put on the minutes; no objection was made to the reading. I proceeded to read the paper. After I had gone through the reading, I read the signers; on this I handed the paper to the president, who observed "this paper contained serious charges; charges that are false, or unfounded, or untrue;" I think was his expression. Mr. Sullivan said, "will the president be good enough to point out what is not true, and if not found to be so it should be expunged"—I made an observation to the same effect, so did Mr. Cave. A motion was made by a member of the board, that the paper should be laid on the table; that course was objected to by all who signed the paper, alleging that as it was a protest, it could not take that course, but must, as a matter of course, be put on the minutes. The president said the charges contained false charges and not true; that it was an attack on the reputation of gentlemen of the board, that it should lay on the table in order to have a chance to repel such charges which the paper contained.

The observations gave rise to some remarks from the party presenting the protest.

When the question was called for and the president was putting it to the board, I rose and stated that inasmuch as an illegal course was about to be taken by the board, and as the president had expressed his opinion warmly on the matter, and had endeavored as I conceived to bias the vote of the board, and as I would not suffer the paper to take the course suggested considering it improper and illegal, and considering it to be my property under the circumstances, I would take it and put it in my pocket, which I did.

The president at that time did not demand it again. This is the paper marked A.

On the 16th of July, 1828, the following resolution was entered on the minutes. Pro ut minutes.

16th July, 1828, message from the bank of Pennsylvania to A. Okie. Pro ut minutes.

17th July, 1828, letter A. Okie to president of the bank.

The bank never furnished me with a copy of the resolution.

Q. Did the committee of the Pennsylvania bank report their proceedings relating to the state loan or loans to the board of directors?

A. The loan committee did report to the board that they had taken the whole of the loan. The committee acted under the authority of a resolution of the board; when the report of the committee was presented to the board some altercation took place; some of the late directors desired that all the parties to the loan should be entered on the minutes. This was objected to by some: a list of the names was handed round the board; I considered that unofficial and wanted it on the minutes, which gave rise to some altercation between the conflicting parties. Finally, it was carried that it should be entered on the minutes.

(Resolution 21st June, 1828. Pro ut minutes.)

Q. Was the loan of \$2,000,000 to the state, taken without the order of the board of directors?

A. The board of directors raised a committee for the purpose of taking the loan into consideration; that committee never reported until they came in with a report that they had taken the loan; that is, the board did not understand, or I did not understand whether they had taken the whole, or part, until they reported that they had taken the whole of the loan.

Q. Did the bank or any officer of the bank, without the consent of the board of directors, form any connexion with any individuals or corporation in the purchase of the late state loan?

A. I do not know of my own knowledge that any officer of the bank did?

Q. Is any officer of the bank not a director permitted to participate in the councils of the board of directors, and give his opinion as to the propriety or impropriety of any measure before the board?

A. I have heard the cashier express his opinion respecting discounting paper.

Q. Is it usual for committees to contract for loans or to make purchases or investments, without first reporting to the board and obtaining its sanction?

A. Yes Sir, a committee was raised on a former loan, and to the best of my knowledge the committee never reported to the board until the cashier reported that he had been to Harrisburg, and had taken the loan. I think it probable that the committee empowered the cashier to go to Harrisburg for that particular purpose. I think he stated also, that for the purpose of taking it on better terms for the bank, he had to let Messrs. Biddle's participate in order to prevent them from being competitors.

Pro ut minutes, 13th June, 1827.

Letter Secretary of commonwealth to cashier of the Pennsylvania bank. Pro ut minutes.

Q. The committee appointed to contract for the loan of £,600,000, of what number did it consist?

A. I think the committee consisted of five.

21st June, 1828, resolution appointing a committee of loans.
Pro ut minutes.

Q. What are the names of the persons who joined with the bank in taking the loan or loans, and who of them were directors or officers of the bank?

A. I refer to the minutes, 9th June, 1828.

Q. Has the investment in the state loan tended to decrease the amount necessary for proper banking operations, has it caused any good paper money to be thrown out, and if so, what amount?

A. I have no hesitation in saying that so far as my judgment goes, it has had an effect of throwing out paper to a considerable amount, and produced an effect to injuring the business of the bank very materially, by holding so much stock.

Q. Were individuals prevented from the opportunity of subscribing to the state loan, from the impression that the bank would take it all?

A. So far as I have any knowledge it had the effect of preventing individuals from offering for the loan.

Q. Has the bank disposed of any of the stock in the state loan, if so, how much and at what advance, and how soon was this advance fixed after the investment?

A. Impossible to tell how much they have sold. I understood by one of the committee that they had fixed it at 6 per cent. I refer the committee to the books of the bank.

Q. Has the bank loaned to any of the partners in the the stock, and if so, how much?

A. I refer the committee to the books.

Q. Is the bank responsible for the stock taken by individuals; if so, to what extent?

A. My understanding of the matter was, that the bank took the whole of the loan, consequently the bank is bound for the whole.

Q. Had the said partners been in the habit of previously receiving loans from the bank; if so, to what extent?

A. Yes sir, some that participated in the last loan had had previously large accommodations from the bank.

Q. Do you believe that the loan was taken to the disadvantage of the bank or of the state?

A. My opinion is, it was taken to the disadvantage of both.

Q. Has the board been unable to discount in proportion to the capital of the bank, owing to the large amount of stocks held by her?

A. I think she has most unquestionably.

Q. Are brokers great favorites with the bank?

A. I think they have for some time back.

Cross examination of A. Okie; answers to questions by committee on behalf of the bank.

Q. Is, or is not the paper or protest, which you have this day handed to the chairman, and which he has marked A, the identical paper or protest, containing all the same words which you read to the board of directors on the 12th of July last, without any alteration, addition or amendment? If any alteration, addition or erasure has been made, be pleased to designate?

A. This is the same identical paper without any alteration except the word '*to*,' which was '*or*,' originally, being a mere slip of the pen; it is the same paper in every sense of the word--I did not design to charge any person who was not implicated or in fault.

Q. When you took the paper or protest from the director's table and put it into your pocket, on the 12th of July, did or did not, the president immediately require you to restore it; and was, or was not this request urged by other members of the board?

A. No sir. The president did not at that time urge me to restore it, some of the gentlemen afterwards said it was the property of the board.

Q. Do you, or do you not know any fact which proves, or tends to prove, that any committee, or any officer of the bank, has at any time taken any loan, or bought or sold any stock or united with any partners to take stock, without full powers from the board of directors for the purpose? If you know any such fact, be pleased to state it minutely.

A. I do not know that any such question was submitted to the board whether the bank should take stock in conjunction with others or not. The committee negotiated those loans and not the board--these committees report, and their report is generally adopted.

Q. In your answer to the 10th question, you say that individuals were *prevented* from offering for the late loan. Will you, or will you not state the names of the individuals who were thus prevented; also the names of those directors or officers of the bank who prevented them, and the particular facts on which the affirmation is made?

A. No, I don't know any particular fact of that kind.

Q. Do you, or do you not know any *fact*, which proves, or tends to prove, that the president or cashier of this bank has owned, or participated with others in taking any part of the state loan, or that he has derived any profit or emolument to himself, in the form of a commission or otherwise, from any person or persons whatever, for any services or negotiations of any nature or kind, arising from, or out of said loan? If you know any such *fact*, be pleased to state it minutely.

A. The bank took the whole. Would refer the committee to a Mr. James Schutt. Mr. Carothers said he was called on, I think by Mr. Schutt. Mr. Smith said their bank had desired to get a part of it, but suddenly heard the bank of Pennsylvania had taken the whole of it, and did hear that Mr. Pepper was called on. As to any particular individual, I cannot name any; know nothing, only from common fame.

Q. Do you, or do you not know any fact, which proves that the president or cashier of this bank, has been directly or indirectly concerned for his own advantage, in the purchase or sale of any of the public stocks or funds? If you know any such fact, be pleased to state it minutely.

A. I know nothing of that fact, only from common fame.

Q. Do you, or do you not know any fact, which proves, that the agreement made with Messrs. Thomas and John Biddle, in June 1827, by which they took 200,000 dollars of the loan of 1827, (as mentioned in your answer to question No. 6) was made by the cashier, without the direction of the committee appointed with full powers, on the 13th day of June, 1827? If you know any such fact, be pleased to state it minutely.

A. I cannot answer the question, because I do not know what passed between the cashier and the committee—do not know what powers the committee gave the cashier.

John T. Sullivan, sworn.

Q. Was the protest of Abraham Okie, John T. Sullivan and Thomas Cave, directors of the Pennsylvania bank, elected by the legislature, dated the 12th July, 1828, presented to the board of directors, and was it requested to be entered on the minutes; and was it entered on the minutes?

A. The facts as stated in reference to the question by Mr. Okie, are substantially correct.

Mr. Okie did offer a protest, signed by himself, Mr. Cave and myself, and having read it desired it to be placed on the minutes. The president having taken up the paper, to look at it, became very much excited; observed that it contained falsehoods and unfounded statements. I got up and stated, that if the president would point out any thing that was not a fact, it should be erased; this was repeated by myself, I believe by Mr. Okie and Mr. Cave. The president did not point out any thing in that way, as I requested; he said it was a charge of slander upon himself, as having been concerned in stocks, and stating at the same time, that he had not any concern, directly or indirectly in the stocks. I replied to the president, that he was not the officer in the minds of the protestors—That they did not suspect him—there was a great deal of commotion—a motion was made, I think by Mr. Ridgway, that the protest should lie on the table. I told the chairman, I did not think that motion was in order; for if they had a right to postpone for a definite time, they had for an indefinite. The president decided that the motion was in order; and while the question was under

debate, there were several calls for the question, from what we designate the *administration* side of the house: the proposition of the president generally carries. I suggested to Mr. Okie, that the better way would be to withdraw the paper, or we should never see it again, unless they would agree to put it on the minutes.— When the question was about to be taken, Mr. Okie lifted the paper; after some time it was suggested the paper was the property of the board, and ought to be left with them. Mr. Okie observed, that as an improper and illegal course was about to be taken, he considered the protest as his. I believed that I then stated that if the majority would promise to put the documents on the minutes, they should have it. This proposition was not acceded to, and the protest was taken away by Mr. Okie.

The paper marked A, I believe to be the protest alluded to.

Q. Did the committee of the Pennsylvania bank report their proceedings relating to the state loan or loans, to the board of directors?

A. The committee did make report, and the cashier who appears to be the agent of the committee, explained by stating, that the bank took \$500,000 and something over, and the rest was taken by individuals. I think Mr. Palethorp offered a resolution, that the names of the parties to the loan should be entered on the records. The motion was opposed by several of the gentleman, and among others by those who were parties.

Resolution, 9 July, 1828, pro ut minutes.

Q. Was the late loan of 2,000,000 to the state, taken without the order of the board of directors?

A. Yes, Sir, the 2000,000 loan was taken by the bank, without the order of the board. I believe the cashier negotiated the loan by instructions of the committee, but not by order of the board.

Q. Did the bank, or any officer of the bank, without the consent of the board of directors, form any connection with any individual or corporation, in the purchase of the late state loan?

A. I do not know, except from common fame.

Q. Is any officer of the bank, not a director, permitted to participate in the councils of the board of directors, and give his opinion as to the propriety or impropriety of any measure before the board?

A. Yes, the cashier's influence with the board is very considerable, he does not often communicate it aloud, but does it through the president. On some occasions he does so distinctly. There was a proposition of a broker to loan on hypothecated stock of the Ohio canal, discount to be made on that security; cashier read some papers and letters, I believe some printed documents, to show the soundness of the security. It requiring three-fourths to discount, I opposed it and gave my reasons at length, the board being thin it was negatived—this about was 18 months ago.

Q. Is it usual for committees to contract for loans, or to make purchases or investments without first reporting to the board and obtaining its sanction?

A. I believe in all instances, as far as my recollection serves me, they act independent of the board without any authority. It requires three-fourths to do a discount, a majority can carry the appointment of a committee; invest that committee with power to loan money. This committee is appointed to consider of the propriety of loaning money; the committee makes no report until they make final report. They make a loan without telling the board they have done so.

Q. Has the investment in the state loan, tended to decrease the amount necessary for the proper banking operations; has it caused any good paper to be thrown out, and if so, what amount?

A. It has caused a good deal of good paper to be thrown out, and has impaired the commercial concerns of the bank very materially, and crippled its means very much.

Q. Were individuals prevented from the opportunity of subscribing to the state loan, from the impression that the bank would take it all?

A. That, I have no direct knowledge of.

Q. Has the bank disposed of any of the stock in the state loan; if so, how much and at what advance, and how soon was this advance fixed after the investment?

A. I believe the operations of the stock committee have not been able to effect much—refer to the minutes.

Q. Has the bank loaned to any of the partners in the stock, and if so, how much?

A. Refer to the books.

Q. Is the bank responsible for the stock taken by individuals, if so, to what extent?

A. The bank by representation of the cashier, made herself responsible for the whole, having taken the whole stock.

Q. Had the said partners been in the habit of previously receiving loans from the bank, if so, to what extent?

A. Some of the participators in the loan have been very large borrowers of the bank, some \$80,000, some \$50,000.

Q. Do you believe that the loan was taken to the disadvantage of the bank, or of the state?

A. Most unequivocally, I answer to the great disadvantage of both.

Q. Has the board been unable to discount in proportion to the capital of the bank, owing to the large amount of stocks held by her?

A. The board has been disabled from discounting on account of the stock. Bank has lost some of its best customers on account of

want of funds, this pressure commenced in November, 1827, and continued until spring—we threw out a great deal of paper immediately previous to the loan. During the months of May and June, since we have taken the loan, we have thrown out a great deal of excellent business paper, which would have been profitable to the bank; some of the best paper has been frequently refused some of the oldest customers.

Q. Are brokers great favorites with the bank?

A. Yes, the brokers are great favorites with the bank. Loans to brokers were made at 5 per cent. while other customers paid 6 per cent.

3d January, 1829.

John H. Palethorp, affirmed.

Q. Was the protest of Abraham Okie, John T. Sullivan and Thomas Cave, directors of the Pennsylvania bank, elected by the legislature, dated the 12th July, 1828, presented to the board of directors, and was it requested to be entered on the minutes, and was it entered on the minutes?

A. I think it was requested to be entered on the minutes, though it was not done.

Q. Is any officer of the bank, not a director, permitted to participate in the councils of the board of directors and give his opinion as to the propriety or impropriety of any measure before the board?

A. Mr Chauncey sometimes when asked questions by a member of the board, always answers—but did not know of him making any proposition to the board.

Q. Has the investment in the state loans tended to decrease the amount necessary for proper banking operations—has it caused any good paper to be thrown out, and if so, to what amount?

A. Yes sir, there has been a great deal of good paper thrown out for the want of means.

Q. Were individuals prevented from the opportunity of subscribing to the state loan, from the impression that the bank would take it all?

A. That I know nothing about, not being at Harrisburg.

Q. Do you believe that the loan was taken to the disadvantage of the bank or of the state?

A. I do not know whether it was to the disadvantage of the bank or not.

Q. Are brokers great favorites with the bank?

A. Can't say how that is.

Q. Was there any arrangement or understanding between the members of the loan committee as to the proportion of stock which any of them should have?

A. We agreed to take so much of the loan; I wanted the bank to take the whole, could not succeed, so I went with the majority;

each one said how much he would take, Mr. Brown said he would take so much, Mr. so much, and I presume any one could have a slice; each one took what they proposed to take; Mr. Chauncey had a list.

Q. What amount was the bank willing to subscribe to the late state loan?

A. A great deal of conversation took place before the committee, I answer \$500,000. The gentlemen of the committee said that if the money went through the bank they would profit and have the other banks in debt, that the deposits would all be made in this bank.

Cross examined by bank committee.

Q. Whether on the last Saturday after the meeting of the board, at the last meeting of the committee on the loan, after several previous meetings, was there not still a deficiency of subscriptions to the whole sum, which the bank did not wish to take, and whether you did not propose that some of the monied men of the committee should take as much more as would make up the whole amount; and was there not a manifest anxiety on the part of the committee that the loan should succeed.

A. Yes, there was.

By the committee of legislature.

Q. Did the committee on the loan of 1828, fix the terms, and was the cashier desirous to offer for the loan of two millions previously to his going to Harrisburg, or had the cashier any discretionary right, if so, what were these terms?

A. I do not recollect that the cashier was desired to offer for the loan, but the cashier was authorised to go to Harrisburg to take a part of the loan. I think the committee fixed it at par. I don't remember the terms, but it will appear by a reference to the minutes.

January 5, 1829.

Elihu Chauncey, cashier, sworn.

Q. What are the circumstances under which the president grant discounts without the order of the board?

A. I do not think that the president has made any discount recently, while there has been a pressure for money. When money has been very abundant for several years past, it has often been the case that a committee has been appointed to lend a certain amount, that amount by a resolution of the board has been generally fixed on pledges of stock. Those powers from the board have always been full and absolute. Those committees have never been appointed to consider the propriety, but to lend the money. I believe the president has always been a member of the committee. If it was a large sum he would convene the board, but if a small sum, 10 or 15,000 dollars, he would act without convening the board. Don't know that the president ever done a large discount without convening the committee. I have in some instances, when money was abundant and paper much wanted by the

bank, on a day not a discount day, carried to the president business notes which were offered, and has ordered them to be put upon the books. The president has also been in the habit, when accommodation paper which was forgotten or neglected, to order the renewal to be placed on the books after the board had adjourned, and these notes he thought the board would have passed anyhow. It has always been considered that there are cases which arise out of the nature and necessity of the business, and which has been practised in all the other banks of the city.

Q. Has the board in all instances been informed at the next discount day, of the discounts so made by the president, and are there any instances in which the information has been withheld from the board of directors? Has the president been sustained in these discounts, and if so, were they greater than when made by the board?

A. I do not know that any individual has, but if he has not, it was his own fault. Those notes have not always been particularly read off at the board, but they have been placed on the books for the inspection of the directors.

I know of no instance in which they have been withheld from the directors.

I never knew an instance where the board have found fault with the president for making a discount, and I don't think there is an instance in which there was a loss in consequence of a discount made by the president. The discounts made by the president were generally very small.

Q. Have brokers been accommodated in your bank to the exclusion of business customers? At what rate do brokers, or at what rate have brokers obtained money in the bank?

A. I don't think they have to any great extent. The answer given by the committee, on the part of the bank to question 19, I believe to be correct. When brokers have obtained money on deposit of stock, they have obtained it on the same terms that any other individual would have obtained it on deposits of stock.

Q. Who were the individuals and corporations with whom arrangements were made with regard to the late loan, and who refused to participate in the said loan? please state minutely.

A. The names of the persons are stated in the answer of the bank committee to question No. 26. Of those who declined to participate, I called on the president of the bank of North America, the cashier of the Farmers' and Mechanics' bank, cashier of Philadelphia bank, cashier of Montgomery county bank. I believe I also wrote to the cashier of Harrisburg bank, to Hale and Davidson. I don't recollect particularly all the individuals, but saw a number of persons, and said they could participate in the loan if they required it. I mentioned it also to the cashier of the Mechanics' bank, and to the president of one or two insurance offices, and generally I believe I mentioned it to such moneyed men of my acquaintance as thought would likely make such an investment.

These gentlemen spoken to, understood that they were to take the loans on the same terms of the bank, but that the expense might be apportioned among them *pro rata*. In all this I acted by the instructions of the committee.

The less the bank had would be more agreeable to the committee.

Q. In the loan of \$920,000, what was the reason that induced you to associate with the Messrs. Biddles? please state minutely.

A. In answer to that, I refer to the answer of the committee of bank to the question proposed on the 2d January, and to the 4th observation under No. 26; I believe all that strictly true.

Q. At what periods has the bank been most pressed for money, and at what time have you been so situated as to be unable to discount good paper;—has the pressure been general, or was it confined to the bank of Pennsylvania; or what were the different causes of a scarcity of specie?

A. The *demand* for money has been considerable for the last 6 or 9 months. During that time, a vast amount of good paper has been discounted at this bank, and not a very great amount excluded. I believe the pressure has not been confined to the bank of Pennsylvania.

The general cause of the scarcity of specie is the cause of overtrading, the specie being taken to other places; but the pressure for specie has not been extreme, or not been greater than on many former occasions.

Question 9 will be answered in writing.

Question 10 will be answered in writing.

Q. Are shares of bank stock divided in small parcels, to enable those who have no interest, to vote as owners, and thus to influence the election of directors—if so, by whom?

A. I know of no instance where they have been divided for that purpose.

Q. How many proxy votes were given, in 1826, 27, 28; and what number was given in person?

A. In the year 1826, by the books, proxy 59; by person 51.

In 1827, as appears by the books, proxy 39; by person 104.

In 1828, as appears by the books, proxy 69; by person 75.

Q. Have you ever obtained proxies, from persons who came to receive their dividends, or at other times, if so, by whom were they given, for whom, and what number of votes were so obtained?

A. I don't recollect that I ever asked a person for his proxy, since I was cashier. They were often sent to me. I have obtained a great many—I believe I once wrote to Mr. James Bayard, for his proxy, but before I was cashier of this bank.

Q. What quantity of notes and bullions, have been supplied to your branches respectively, and what is the state of said branches?

A. For answer, see statement in appendix.

Q. Did you ever intimate directly or indirectly, to a director, that you had, in your desk what would elect a director; or use that or any other means, to intimidate a director in his votes?

A. Never.

Q. Who is liable for any loss of specie incurred?

A. I presume the liability in each case of loss, would be decided by the board of directors, according to the circumstances of the case. If the loss were by fraud, or culpable neglect, the guilty person would be liable. If it were by mistake, or by occurrences such as ordinary care and circumspection could not guard against, probably the board of directors would decide that the bank should sustain the loss.

The specie is received and counted, as it comes into bank, by the second porter, under the direction and superintendence of the receiving teller. On the next morning, it is delivered over to the first porter, who counts it under the inspection and examination of the paying teller. It is also the cashiers duty to see, that the money is counted, and delivered over to the paying teller; that it is correctly entered in his statement; that it corresponds with the sum as received on the previous day, and that the settlement of the cash accounts is correct. Its entry in his statement by the paying teller is a receipt to those in whose possession it had previously been, and it charges the paying teller for it in account and responsibility.

From this time, the immediate care of it is with the paying teller. He keeps the keys of the vault in which it is placed, and no one has access to it but through him. Under his direction and inspection, the first porter brings it out of the vault for use, as the business of the bank requires.

Q. What compensation do you receive as commissioner of loans?

A. I have never received any thing—there was no compensation agreed on.

Q. Was there a draft of the State Treasurer protested for non-payment?

A. There was one draft, for a large amount refused, because there was not sufficient funds to the credit of that account to meet it—it was paid a few days after.

Q. In the loan of \$2,000,000, had the bank decided on the premium it would give, and was this decision of the bank communicated to the corporation or individuals who were called upon, but who declined participating in the loan?

A. At the time I called on those persons it had not been decided, but was generally understood that the bank would offer to take it; or we should offer at par or about par.

Q. Has there been any over draft upon the bank, since the statement made was handed into this committee?

A. A draft came in, by which it appeared that a broker had over drawn about \$6000, since that statement was made, but it is expected the money will be recovered. Measures have been taken to recover it; the president was engaged in it this day.

Q. What amount of money has been lent to each of the partners in state loan, and for what times, and at what rate, since the loan has been taken? Were any of the drawers endorsers also; if so, what amount respectively?

A. On the 20th December last, one business note for \$4,916 58 was discounted for one of the houses engaged in the late loan, and will be due 18th instant. On the 19th July last, two business notes, for 5000 dollars each, were discounted for another person who had a part of the same loan, one of which notes was paid, August 19th, and the other on the 10th of September last. And on the 30th of August, two business notes for 5000 dollars each, were discounted for the same person, both of which were paid on the 10th November last. On the 12th July, one business note for 2500 dollars was discounted for a house engaged in the late loan, which was paid on the 12th September. On the 2d August, another business note for 2850 dollars was discounted for the same house, which was paid on the 2d January, 1829. On the 14th November, another business note for \$200 dollars, was discounted for the same house, which will be due on the 15th instant. On the 27th Dec. another business note for \$1572 50 was discounted for the same house, which will be payable on the 21st February next. On the 3d instant, another business note for 1500 dollars was discounted for the same house, which will be payable on the 25th of April next. On the 9th of July last, a note for 2000 dollars was discounted for another person engaged in the same loan, and on the 10th of September, was renewed for 60 days, and paid on the 12th of November last. These I believe are all the loans made to those persons engaged in the last state stock; and that none of the drawers were indorsers also, on any of the notes.

Q. Did the bank furnish any capital to any of the participators in the loan, to enable them to pay their instalments to the said loan of \$2,000,000?

A. No sir; bank furnished no capital to any person to enable them to accomplish that object.

Q. If the stock, or any part of it, created by the late loan to the state—sold in a few days after the loan was taken, at an advance, to what circumstance was the rise of price owing, and also were not other stocks selling at an advance at the time the said state loan was taken. If the latter part of this question be answered in the affirmative, please state the names of the stocks, and at what rate they were selling?

A. I am not knowing to what circumstances any rise of price was owing, at which any part of the stock of the late loan to the state may have been sold a few days after the loan was taken at an advance. The first sale of the stock of 1828, made by this bank, after it was taken, was of *one thousand dollars* on the 10th of October, 1828, and the price at which it was sold was five per cent. premium. The buyer taking the interest from the 1st of August.

John T. Sullivan, further examined.

Q. Did or did not the cashier report to the board that the Messrs. Biddles were permitted to participate in the loan of 1827, if so what reasons did he give for so doing?

A. The cashier did state at a meeting of the board, that he was compelled to let the Biddles participate in the loan of 1827; because they were prepared to take the whole at an advance premium, and to give as high as seven per cent. He further stated there were other bids at a higher advance—that the York bank had offered ten per cent. for a part.

Q. Does the cashier, or any officer of the bank, not a director interfere with the deliberations of the board of directors in relation to discounts; if so, in what manner, and on what occasions?

A. The cashier does very frequently interfere. He frequently states that the person offering is well accommodated; in other instances, he says they have no claims. He gives his opinion as a director does, and has more influence than any director except the president.

Q. Is not the cashier from his office better enabled than others to speak of the solvency or insolvency of applicants to the board for discounts?

A. In reply, I would say he is not, nor do I think he is so well qualified.

John White, one of the directors, sworn.

Q. Did or did not the cashier report to the board, that the Messrs. Biddles' were permitted to participate in the loan of 1827; if so, what reason did he give for so doing?

A. The cashier did report that the Messrs. Biddles' had taken a part of the loan, by directions of committee. I do not recollect what reason he gave. (Minutes 14th July, 1827, 13th July, 1827.)

Q. Does the cashier or any officer of the bank, not a director, interfere with the deliberations of the board of directors, in relation to discounts. If so, in what manner and on what occasions?

A. The cashier is very frequently asked his opinion—he gives it. His information is very useful as to the standing of persons here. The directors are not at liberty to examine individual accounts.

Q. Is not the cashier from his office better enabled than others, to speak of the solvency or insolvency of applicants to the board for discount?

A. I should think that of some persons he was better enabled than any other person, and that of other persons some of the directors knew better than he did.

January 6th, 1829.

Thomas Cave, sworn.

Q. Does the cashier, or any officer of the bank not a director, interfere with the deliberations of the board of directors in relation to discounts; if so, in what manner and on what occasion?

A. I have not known an officer to do so directly. I have heard the cashier suggest the propriety of not discounting certain paper; the words "having no claims" has sometimes been mentioned by the cashier, of certain individuals offering paper for discount.

Q. In your opinion, who was most benefitted by the bank taking the late loan of two millions, the state or the bank?

A. I think it was taken to the disadvantage of the bank and of the state in consequence of the bank having taken the loan at 5 per cent. interest. It was not the interest of the bank to have taken it at the time, inasmuch as it could have got business paper at a better per cent.

Q. Has the bank by her operations in stock been compelled to throw out good business paper offered for discount?

A. I believe it has been the means of throwing out good paper, but to what amount I cannot say. I think we would have been able to shave down more good paper, had it not been for the operation in stocks.

Q. Was it understood generally in the Philadelphia stock market, that the bank of Pennsylvania had obtained a good bargain in getting the state loan of two millions *at par*, and could more have been had for it, had it been open more publicly than it was to the people, and was it not understood in the city, that the bank would prevent competition by taking the whole loan, with brokers and others?

A. I am not able to say from my own knowledge whether more could be obtained or not, but it was the opinion out of doors that the bank had made a very excellent bargain in taking the stock at par. This was my opinion, founded on the opinion of others, who had better opportunities of judging than myself. It was understood very generally in the city that the bank of Pennsylvania intended to offer for the whole loan, in consequence of which, I am of opinion that it prevented a competition, and a better price than was given for the stock.

Q. Has the board ever discounted large amounts for brokers, when she was at the same time refusing good business paper of small amounts to the regular customers of the bank?

A. Brokers have been accommodated with considerable sums of money, when there was a pressure, and consequently considerable good business paper thrown out.

Q. Do you know of any discount being made without the consent of three fourths of the directors present?

A. I do not recollect.

Questions by the committee of the bank.

Q. What is the sum total discounted for brokers since the last loan was taken?

A. I cannot tell, the books will show.

Mr. Cave explained the following loans to brokers.

1st November, 1828, \$11,000 for ten days for a house in city, who are brokers.

8th November, \$8,000 a loan to the same house, due on the 25th November.

26th November, \$7,000 loaned, due on 20th December.

20th December, due 7th January \$7,000.

I would take it for granted, from the appearance of the shortness of the date, that they were *renewals*.

For another house \$2,500, due 12th September.

Another \$2,850, due 2d January.

Same house \$3,200, due 15th January.

Another \$1,572, due 21st February.

Another \$1,500, due 25th April.

Another \$4,900.

These are all the items that has been furnished me by the clerks as loans to brokers. I presume they were regularly discounted.

The 11, 8, 7, and \$7000 loans, were made to one person, which they have had on pledges of stock before I came into the bank, to the amount of \$133,000, the house that has now 4900 dollars; the above amount of \$133,000, was on pledges of stock at 5 per cent.

On the 9th of January there was \$100,000 due, but on my first coming into bank it was \$133,000.

George R. Smith, first teller, affirmed.

Q. Have you at any time knowingly permitted brokers or any other persons to overdraw the bank to any considerable amount, or have you been directed to do so, and if so, by whom, to whom and when?

A. I have frequently paid checks to brokers and others when there was no credit to them, but it has been at an early hour in the day, when I expected there would be deposits before the bank would close. I was not directed to do so by any one. I do not recollect any particular day or person, but has been done frequently since I have been teller, and was the practice. I have been teller above twenty years. The drafts have frequently been large; frequently by brokers and others. One was paid a few weeks ago to one a broker. One a few days since was paid to John Wharton. I paid these checks without the order of any person.

Q. Did you count the money in the vault, and was the amount such as has been furnished in the last annual statement? Was any money borrowed directly or indirectly, or was any check passed to deposit in order to make up that amount?

A. The specie in the statement comprehends the specie in the different branches and our own. The specie in the vault here, on that day was \$149,809 $\frac{16}{100}$. When I say specie, I mean silver and gold. No money borrowed to make up the amount, as I recollect, nothing of that kind done.

Q. Do you know whether the cashier, president or any other officer of the bank speculates in stocks or funds of any kinds, if so, please state minutely?

A. I do not know that any of them do.

Q. Does the cashier, president or any other officer of the bank, keep accounts therein? if so, are any of them in the habit of over-drawing the same?

A. The president and cashier keep accounts in the bank. I know of no other officer. They are not in the habit of overdraw-ing.

Q. Has the cashier of late years kept a very large account in the bank? if so, what amount do you suppose passes through the bank in a month of his account?

A. I am not particularly acquainted with the cashier's account. I pay a good many of his checks, but dont know the amount of his account.

Q. Has the cashier ever used or converted the funds of the bank to his own use in any way, If so, state how? Has the cashier ever overdrawn the bank, if so, state when and to what amount?

A. I dont know that I can say he has converted the funds of the bank to his own use.

I have heard of his having overdrawn. The book-keeper told me so, but dont know of my own knowledge.

George Philler, assistant to first teller and state stock department, sworn.

Q. Has Mr. Chauncey or Mr. Norris, or any other officer of the bank received certificates and transfers for any part of the late loan of two million in their own name or in any other names for their use?

A. None.

Q. To whom was the stock of the late loan of two millions transferred to, by the original subscribers and in whose names does it now stand?

A. "I do not know."

Q. Who made the first transfer on the books of the late loan of two millions? Was not a great amount of the stock sold and transferred by the Messrs. Biddles and others, before the bank sold any stock, and was it not understood that the bank asked one half per cent. more for her part of said loan?

A. I have no knowledge whatever.

George Clay, 2d book-keeper, sworn.

Q. What has been the amount of the cashier's account, and has he ever deposited checks to be placed to his credit and drawn money upon them, if so, when were those checks paid, and to what amount has he so deposited, and have such facts been known to the board?

A The cashier's account for the last year, that is up to August, was about \$500,000, it has rather decreased since that time. He has deposited checks to be placed to his credit and drawn money upon them. Can't say when they were paid—paid at various times. Checks on another bank were deposited, can not say they were good. Under certain circumstances it is customary to deposit checks on other banks; checks so deposited always go to the bank, on which they are drawn the first exchange day. The checks deposited by the cashier have taken *the* same course. It is the routine of the banks in *the* city to do business in *that* way. I dont know whether the facts were known to the board.

Q Has the cashier ever deposited moneys belonging to other persons or banks to his own credit, when the same should have been deposited to the credit of the proper owner?

A The cashier has been in *the* habit of applying cash remittances from other banks to his own credit instead of that of the bank, by which the remittances were made; some remittances were not credited on *the* day on which they should be credited, but were credited to the bank in a day or two after.

Question by bank committee.

Has the cashier's account been overdrawn, if so, when, for what amount and how long?

A In 1828, in September, was a small overdraft between 2 and 300 dollars; it was paid the next day.

William S. Evans, 2d teller.

Q Have you at any time knowingly permitted brokers or any other persons to overdraw the bank to any considerable amount or have you been directed to do so, and if so, by whom, to whom and when?

A I believe I have not at any time permitted them knowingly beyond the usages of the bank; dont recollect that I ever received such direction.

Q Do you know whether the cashier, president or any other officer of the bank speculates in stocks or funds of any kind, if so, please state minutely?

A I do not.

Q Does the president, cashier or any other officer of the bank keep accounts therein, if so, are any of them in the habit of over-drawing the same?

A The cashier and president keep accounts in the bank: I dont know of their overdrawing.

Q Has the cashier of late years kept a very large account in the bank, if so, what amount do you suppose passes through the bank in a month of his account?

A I dont know what amount.

Q Does the cashier ever put any checks in your drawer and

take out notes for the same when said checks are not due, and are not placed to the debit of any one in this or any other bank for several days afterwards, and are considered by you the same as money?

A Yes sir, the cashier does put in my drawer checks and take out notes for the same, when said checks are not due and are not placed to the debit of any one in this or any other bank till the next morning, and are considered by me the same as money. They are never kept by me longer *than* the next morning, except on Saturday, in that case laid over till Monday.

Benjamin Smith, Cashier's clerk, affirmed.

Q Has the cashier ever deposited the moneys belonging to others, persons or banks, to his own credit, when the same should have been deposited to the credit of the proper owner.

Q I believe he has in relation to banks, as to persons I do not know. Some years ago I was assistant clerk, *the* amount of 2,000 dollars was collected, was not placed to the credit of the bank on that day, but was placed to the credit of Mr. Chauncey. It was placed to the credit of the bank one or two days after.

There have been a number of instances since,—I do not recollect distinctly, they have been so numerous. This practice was confined solely to the cashier: I believe it was not known to the board of directors.

William Clarke, discount clerk, sworn.

Q Does the cashier ever place notes in the discount books, without their having first been submitted to the board of directors?

A I have no recollection of the cashier ever placing notes on the discount books, without my being impressed with the idea that he had previously submitted them to the president. I always believed he had previously submitted to the president. When the notes were large, and I had no knowledge of the president knowing, I always invited the attention of the president. In all instances I believe the president sanctioned them. Sometimes committees were appointed: at such times they discounted very large notes, on pledges of stock. No notes have been placed in the discount books without first having been submitted to the board, but always with the knowledge and sanction of the president.

7th January, 1829.

Mathew Carey sworn.

Q Were you ever a director of this bank; if so, for how long a period?

A I was a director of this bank for 13 or 14 years.

Q Did this bank sustain many losses by failures, while you was a director? If so, were those losses occasioned by accommodation or business paper?

A To the best of my opinion, two-thirds of the losses arose from accommodation paper.

Q In your opinion, were the principal losses sustained by the bank, owing to the president not having submitted the notes discounted fully to the consideration of the board of directors?

A While I was a director, the president, of his own mere motion, without consulting the board, did discount more than half of the discounts of the board. A large portion of the discounts was done by the president. In consequence of the opposition I made, there was not so much in the latter part of my time as formerly. For most of the efficient purposes of the board the majority of the directors were useless.

Q Had Mr. Chauncey an undue influence at the board?

A I think so, beyond doubt.

Q Had Mr. Chauncey's influence a tendency to reject or discount notes at the board of directors?

A I think it had.

Q Did you consider that Mr. Chauncey's and the president's combined influence, was calculated generally to reject or carry any measure they wished?

This is involved in the other questions and answers.

James Schott, affirmed.

Q At what rate was the United States stocks of 5 per cent, and the state stocks of 5 per cent. selling at in Philadelphia, at the time the bank took the late state loan of two millions?

A They were from 3 to 5 per cent. above par, at the time the last state loan was taken, it was the nominal market price for a small sum, was the nominal retail price, but dont think that a million or even a half of a million could be put in the market and sold out at that price at that time.

Q At what rate was the late loan sold at in Philadelphia, within one week or one month after the bank of Pennsylvania subscribed to the late state loan of two millions?

A I do not know at what rate. I purchased myself of one of the loans about 3000 dollars. I gave $4\frac{1}{2}$ per cent. I took it with the interest.

Q Was it understood generally in the Philadelphia stock market, that the bank of Pennsylvania had obtained a good bargain in getting the state loan of two millions *at par*; and could more have been had for it, had it been open more publicly than it was to the people. And was it not understood in the city, that the bank would prevent competition by taking the whole loan, in conjunction with brokers and others?

A I believe it was considered a pretty good bargain in the city, but at the same time I thought it was as much as it should have brought considering the large amount, and that other loans as was believed would be made by the state. At the time I was spoken to by Mr. Biddle to take part, I agreed to take £20,000, but after

wards wrote to Mr. Biddle that if it was above par, he should not consider me as a partner; but afterwards agreed with him to take a share at the rate it was offered. I now hold it.

Q Was any officer or director whatever of the bank of Pennsylvania, directly or indirectly in any way interested in the late state loan of two millions, to your knowledge; if so, who were they?

A Not to my knowledge.

Samuel Nevins, sworn.

Q At what rate was the United States stock of 5 per cent. and the state stocks of 5 per cent. selling at in Philadelphia, at the time the bank took the late state loan of two millions?

A The state stock, according to the best of my recollection, was selling from 4 to 5 per cent. above par, not less than 4 per cent. I think the United States stock was from 5 to 6 per cent. by a reference I can furnish precisely. Early in July, 1828, sales of state 5 were made at 105 $\frac{1}{4}$. United States 5 were from 105 to 106.

Q At what rate was the late loan sold at in Philadelphia, within one week or one month after the bank of Pennsylvania subscribed to the late state loan of two millions?

A Within 60 days there were sales from 4 to 4 $\frac{3}{4}$, bearing interest from August.

Q Was it understood generally in the Philadelphia stock market, that the bank of Pennsylvania had obtained a good bargain in getting the state loan of two millions *at par*, and could more have been had for it, had it been open more publicly than it was to the people. And was it not understood in the city that the bank would prevent competition by taking the whole loan in conjunction with brokers and others?

A My own opinion is, that if the bank had not taken it, it would not have been taken at that time. I should not have subscribed myself if I could not have come in under the bank. I spoke to several capitalists, and they declined. To the last clause of the question I do not know. I took \$80,000.

Q Was any officer or director whatever of the bank of Pennsylvania, directly or indirectly, in any way interested in the late state loan of two millions; if any person or persons, please state minutely?

A I do not know of any to my knowledge.

Question by bank committee: So far as you know, was not every person who wanted any of the late loan permitted to subscribe for what they wanted? Do you not believe you could have had more if you wished it?

A It is my opinion that if I had asked for more I could have got it. After having agreed to take \$60,000, I applied for \$20,000.

more, and obtained it. I cannot answer the first clause of the question.

Question by committee of legislature: Were not subscriptions to the loan, and the expectation that it would be obtained at par, confined to a few brokers and others?

A I did not think it would have been obtained at par. I thought it would have gone above par. I did not know of any arrangement except with myself.

Q Did you pay any thing for the privilege of coming in under the bank? If so, to whom and how much?

A I paid nothing.

Q Was it at the solicitation of the bank committee or any officer of the bank; that you were induced to take a part of the loan—and did you not intend to have offered individually for part of the loan?

A It is my impression I should not have offered under any other circumstances. I believe I made application to Mr. Chauncey, as the agent of the bank: he agreed I should have \$60,000, and it was afterwards increased to \$80,000.

Q Does Mr. Chauncey loan money to brokers and others on interest, to your knowledge?

A I do not know that he does. I have frequently made application to Mr. Chauncey to loan money on stocks, but he has refused—I applied to him as an officer of the bank.

Peter Wager, a director, sworn.

Q Were you one of the committee appointed to reduce the expenses of the bank in the year 1827; if so, how were they reduced?

A I offered a resolution to that effect, without any preconcert with any gentleman of the board; and finally it succeeded and carried—I was chairman of that committee. I refer to the minutes for the last clause.

Q In a conversation with the cashier on that subject, was he much excited and dissatisfied, and did he say that he held proxies in his desk, pointing to it to put in or out of bank any person he pleased?

A As far as my memory serves me, I had no conversation with the cashier as regards that resolution till some time after. Preceding the last year's election Mr. Mark Richards called on me to tell me it was under agitation to leave me out of the direction, and they also talked of leaving him out. He believed they had got over me and I was to be sustained. I did not attend the meetings of the bank for three or four weeks, believing I could not sustain myself until the election was over. I was elected and after the election I made up my mind that if I was obnoxious to the institu-

tion I would resign. I then mentioned to Mr. Chauncey that I wished some conversation with him in his room; we conversed and were both excited. Mr. Chauncey stated to me that he and Mr. Norris were my friends, that they had counteracted the efforts of Mr. Sansom, who wished to turn me out, that Mr. Sansom was inimical to me. Mr. Chauncey did tell me that he had proxies enough in his desk to turn out and put in whom he pleased, and pointed to his desk, this was 3 or 4 years before the above conversation—there was no excitement at this time.

Q. Have the stock operations of the bank caused much business paper to be rejected?

A. A great deal of first rate business paper rejected by the bank, if they had not stock they certainly would have the ability to discount more business paper.

Q. Did the cashier tell you that he had made ninety thousand dollars in ninety successive days? how and when?

A. Cashier did tell me he made \$1000 a day for ninety successive days. This conversation was eight or ten years ago; we were talking about wealth and stock; it was made in United States stocks; don't know whether he was cashier or not, but was cashier when he told me.

Question by the bank committee.

Was what the cashier said to you about proxies, said for the purpose of intimidating you in your votes?

A. What the cashier said to me about proxies, I would not suppose was for the purpose of intimidating me in my votes.

William S. Evans, second teller, called again

Q. In your examination yesterday, you spoke of the cashier having deposited checks on other banks, in your drawer, and having taken out the money for the same. Were those checks on banks in the city of Philadelphia or on banks in the county; if so, please state on what banks and by whom drawn?

A. They are generally checks on the Pennsylvania bank. I do not recollect that he has ever put checks on other banks and taken the money out. In some instances checks have been drawn by James Paul, on the bank of the Northern Liberties, but in the latter case the money was not taken out, but generally went to the cashier's credit.

Q. Did you or any person to your knowledge, ever communicate to the president, the practices of the cashier in drawing money improperly from the bank?

A. The first teller and myself waited on the president on that subject, it strikes me it was some time in the month of September. I believe we stated to the president that the cashier had been in the habit of putting the checks of James Paul, in our drawer, and had continued until perhaps the next exchange day. On our wishing to know whether he should continue this practice, he (the

president) said he would give an answer the next day. This conversation took place in the president's house. The next day or day after, the president stated in effect, that the cashier had the controul of the funds of the institution, and if he thought proper to continue the practice, he must do it at his own peril. He did not continue the practice. Paul's checks generally amounted to from 8 to 11,000 dollars. I think there was something said about the cashier's bond. The cashier has not deposited any since that period.

Question by bank committee.

Q Do you not take checks from other individuals in deposit, and also give notes from your drawer for checks drawn on other banks occasionally?

A I sometimes put checks in my drawer for other individuals, which I put to their credit, but do not pay the checks. To the clerks of the bank I sometimes cash checks of 5 or 10 dollars, when they keep accounts in other banks, and cannot go for the money. With regard to the exchange of checks, I wish to be understood that I did exchange for Mr. Ridgeway a check of \$80. I am in the habit of taking checks from customers in the after part of the day and placed as deposits only.

H. J. Levis, cashier of the Schuylkill bank, sworn.

Q Have you ever had a draft of an officer of the state on the bank of Pennsylvania protested for non payment; if so, please state for what amount, and the other circumstances attending it?

A The Schuylkill bank draft on the bank of Pennsylvania in favor of John Forster, cashier of the Harrisburg bank, for \$60,000, protested for non payment. It was the check of Alexander Mahon, treasurer of the canal fund.

Benjamin P. Smith, cashier of the Commercial bank, affirmed.

Q Is it your opinion that your bank would have taken any of the late state loan of two millions, if she could have obtained it at or above par?

A As far as my information goes, I believe the Commercial bank would have taken part of it at par. It was never laid before the board: it is a mere individual opinion of mine. I had some conversation with several of the gentlemen of the board.

Q Did any cashier tell you that he would have taken \$50,000 of said loan, at 5 per cent. of a premium?

A The cashier of the Farmers' bank of Lancaster, said he would not make an offer for any part of the temporary loan, as he had made an offer for 50,000 dollars of the two million loan at 5 per cent. premium, and did not get it.

Q Was it the general opinion in Philadelphia that the bank of Pennsylvania had obtained a great bargain in getting the loan at par; and did not the fact of brokers being connected with her prevent competition?

A The first time I knew who was concerned in the loan, I saw

it published in the Harrisburg paper. It was understood generally that it was a bargain to get the loan at par—this is my own opinion.

Thomas Biddle, affirmed.

Q At what rate was the United States stocks of 5 per cent. and the state stocks of 5 per cent. selling at in Philadelphia, at the time the bank took the late state loan of two millions?

A The United States stock, redeemable in 1832, sold at from 3 to 4. More might have been asked but could not be had of that redeemable in 1835; 6 was asked but could not be had, unless for small items.

About 30th June, had two transactions of about \$60,000 of state stock with interest from 1st February. Part sold at $5\frac{1}{4}$: part at $5\frac{1}{2}$, this stock redeemable in 1851; was all redeemable in 1846 or 1851.

Q At what rate was the late loan sold at in Philadelphia, within one week or one month, after the bank of Pennsylvania subscribed to the late state loan of two millions?

A A portion of it sold for $1\frac{1}{2}$ to 1 per cent within a week; the highest price I am aware of its being sold, was $4\frac{1}{2}$: it may have been sold within one month at $4\frac{1}{4}$, in sums of 40, 50 or 60,000 dollars, in details, to persons who may come and want investments made.

Q Was it understood generally in the Philadelphia stock market, that the bank of Pennsylvania had obtained a good bargain in getting the state loan of two millions *at par*, and could more have been had for it had it been open more publicly than it was to the people: and was it not understood in the city that the bank would prevent competition by taking the whole loan in conjunction with brokers and others?

A Prior to the loan, several of the gentlemen who were on my list would have limited me to par. As I usually act from a knowledge of the British monied market and its influence on our own, I did not take any names on my list unless they gave me *carte blanche* on the loan. I am always ruled by their opinions, and did not consider that to extend much beyond par. If it had been uncertain that the whole would have been taken, the monied men would have probably held back. I considered, therefore, that an offer for the whole was an inducement for them to offer. I was offered a larger amount than I took, but my funds were inadequate, and I did not conceive it an inducement to make greater exertions. After the loan I considered it a beneficial one, but considered the news from Europe as very proper for its advance.—During the pressure of money \$100,000 of the New York stock was sold at par, which is considered better stock in the European market.

Q Of the \$800,000 of the state loan taken by you, how much of it have you sold, and at what price, and when, and what amount have you now on hand, and who was concerned with you?

Refused to answer, as connected with his private business.

Q Was any officer or director whatever of the bank of Pennsylvania, directly or indirectly, in any way, interested in the late state loan of two millions to your knowledge; if so, who were they?

A I do not recollect of that of my \$800,000, of any being concerned.

Q Do you know whether the cashier of the bank of Pennsylvania has been directly or indirectly concerned in the purchase or sale of any of the public stocks or funds; or that he has carried on any other business than that of the bank, either in his own name or in connexion with any other person or persons?

A No.

Joseph P. Norris, president of bank, affirmed.

Q What amount of money has been loaned by you as president, in 1827, '28 and '29?

A Sometimes persons may be late bringing in their notes; I may place them on the books, but in very small amounts; don't happen more than once in six weeks; might happen occasionally two or three times in a month, again not once in three or four months.

Q Is an account of its employment entered in other than the common discount book?

A Always go on the discount book.

Q Were any such loans received by the president? If so, to what amount, and when?

A None.

Q Were notes on pledged stock renewed in preference to others? If so, the reasons?

A I don't know that they were.

Q In discounts on pledged stock, do you or the bank discount on the nominal value of shares, or upon the sum actually paid in?

A We have always taken ample security, and it is when the amount is actually paid in: when the stock is higher than par, we take it at par.

Q Were discounts made by you or the board, upon pledged stock of the state loan, before the second instalment was paid? If so, what amount on each share was discounted?

A To the best of my recollection, no.

Q Were notes of stockholders in the state loan received in payment of any part of the second instalment?

A Not that I know of.

Q Has any director of the bank, to your knowledge, sold any of the state stock? If so, how much, when, and at what price?

A I believe there has one of the gentlemen who subscribed and sold, but don't know how much or at what price.

Q To your knowledge, has the cashier directly or indirectly been concerned with brokers or others in the purchase or sale of state or other stock; if so, state with whom and to what amount?

A I have no knowledge of such transaction: have no reason to believe it.

Q In the loan of two millions to the state, was it publicly known that any individual or corporate body, could be accommodated with a part or parts of the loan, on the same terms on which the bank obtained it? Or did the bank directly or indirectly make known to the public that it would take the whole amount? Did the bank loan to any individual any money; and if so, how much to enable him to meet his instalment to the state loan?

A I believe it was publicly known that any individual could be accommodated with any part or parts of the loan. I believe some of the banks were spoken to, and they declined taking any of it. I believe it was known to the public that they could take any part. It was not the wish of the bank to take more than \$300,000.

To the second part of the question, witness says he knows of no loan for that purpose; he believed a loan was made to one gentleman for \$20,000, and to another for \$2000, who had subscribed for the stock, and for the \$20,000, good business paper was offered.

Q. How soon after the bank made the investment in the aforesaid loan, did it fix its price for purchasers? How much has been sold and at what price. Has the retention by the bank enabled its partners in the loan to dispose of its stock to the disadvantage of the bank?

A In reply to the question, I beg leave to hand the following statement:—The first sale was made Oct. 10th.

1828, Oct. 10th,	\$ 1000	at 5	per cent.
Nov. 7th,	30,000	3½	do
14th,	0,000	3½	do
25th,	20,000	3½	do
Dec. 1st,	10,100	3½	do
11th,	400	3½	do
16th,	3,000	3½	do
1829, Jan. 7th,	53,000	2½	do

\$ 137,500

To the second part of the question, witness says, he does not know that it has.

Q What amount in the aggregate have the state and stockholder directors borrowed from the bank at this time respectively?

Answer in writing. The committee of the bank deem this question exceptionable, as interfering with the rights of individuals having accounts in the bank; but feeling desirous in the present instance to afford the committee of the legislature every possible satisfaction, have directed me to give the information required. Accordingly I state the loans now out to state directors are \$32,131, to stockholder directors, \$184,704.

January 8, 1829.

Q Does the cashier lay before the board at each discount day the name of every person who shall have overdrawn the bank?

A The clerks do.

Q Do the directors of the bank get greater accommodations in proportion to their means than other customers of the bank?

A I don't think they do.

Q Has the cashier or any teller or clerk of the bank, at any time voted at any election for directors, as the attorney, agent or proxy of any stockholder?

A I think it probable the cashier has. I don't think that any clerk has.

Q Does the bank of Pennsylvania directly or indirectly, through the agency of any person or persons whatsoever, buy or sell or in any manner trade or deal in their own stock, notes or securities, or in the stock, notes or securities of any bank, or incorporated body whether of the United States, or of this state, or any other state?

A No.

Q Has the amount due the bank of Pennsylvania by Wharton, in the case of an overdraft, been paid or secured to be paid; if not has any remedy been taken to secure the same?

A The debt by Wharton has not been paid, or secured to be paid, nor has any legal remedy been taken to secure the same. I called on him in company with Mr. Nixon, president of the bank of North America, where he has also overdrawn; and he gave most positive assurance the over-drafts should be preferred to any other. He is now too ill to see any one.

8th January, 1829.

Abraham Shoemaker, affirmed.

Q Have you ever bought any of the late state loan of two millions for yourself, or any one else? If so, at what price and for what amount?

A About four months since, I purchased for my mother-in-law Rebecca Huddle, from Mr. Chauncey, cashier of this bank, at 4 per cent. advance, \$24,000 of the state 5 per cent stock; [\$24,000 state 5 per cent. stock of 1825, sold to Rebecca Huddle, at an advance of 4 per cent. taken from the *scratcher*—stock redeemable in 15 years, from January 1825.] I state this as a part of my testimony.

Q Was it considered a good investment, and were you not pleased to obtain it, even at the price you gave for it?

A I considered it a good investment—as to the price, I think Mr. Biddle and Richard Hull Morris, asked \$105; Mr. Chauncey offered it me for \$104.

Q What were the causes which prevented a declaration of dividend on the stock of the bank, for the six months ending July, 1827? If by losses, how and by whom were those losses incurred? And what is the use of the contingent fund, and was it not intended to cover losses?

A In my answer to this question, I would respectfully refer to the answer of the bank committee, to question No. 27, and to the

statement marked D, presented with it. I believe, the dividend committee had principally in view the losses which they supposed would ensue on the notes referred to, in that statement, as the prominent cause for not declaring a dividend in July, 1827. For the use of the contingent fund, I refer to the answer of the bank committee, to question No. 1.

William G. Govett, runner, sworn.

Q. Does the cashier ever retain money, the proceeds of drafts and checks sent to the bank for collection, instead of placing the money to the proper account?

A. I recollect two or three instances that money that I collected, had not gone that day to the proper account—amounts of probably 3, 4, or 5000 dollars; they were placed to the credit of Elihu Chauncey; this occurred some time in the early part of the summer of 1828. I have been runner five or six years. This was not allowed to any person but Mr. Chauncey—I never informed the president of it. They were placed to the proper account in two or three days after; at least in three days after.

George R. Smith, first teller, again called.

Q. Has it heretofore been, and is it yet, the practice of the bank to suffer the vault to remain open from the commencement of the business in the morning during the whole of the business hours? and had and have not persons connected with the bank, access to it without any hindrance or check whatever?

A. It is not the practice to lock the vault during bank hours; we some times turn the key, but do not take the key out. At three o'clock, when banking hours close, I always lock the vault and take the keys home with me. There are two doors to the vault, but the keys of the respective doors are not in different hands during the day, but remain in the locks.

Persons connected with the bank, and whose business is not connected with the vault, may have access to the vault, because the doors are not locked, and the keys remain in the doors.

Question by the bank committee.

Have you ever seen or known any person to go in the vault who had no business in it?

A. I never saw or knew any person go in the vault who had no business in.

Jacob Ridgway, of stock committee, affirmed.

Q. To your knowledge was it the wish, object or design, of the committee on loans, of the bank or of any individual of it, that certain favorites only should come in under the bank, for a share of the loan, if not, was it their wish and did they use their endeavours to give all a chance who might wish to participate?

A. I have no knowledge that it was either the wish or design of the stock committee, that certain favorite individuals should come in for a share of the loan to the exclusion of others, but that as

many should be participators in that loan as wished to. At different meetings which the committee had, and particularly the last, it appeared to be the general wish, and it was my own, with, I believe, one exception, that the bank should not take more than \$300,000, and if possible, the remainder should be distributed amongst those who wished to participate. If I recollect right, the cashier was desired to speak to such individuals as he thought most likely to subscribe to the stock, to induce them to take such portions as they would be willing to do. I believe he performed that duty, but after having obtained all the wishes of those who were willing to subscribe, there was a larger balance found to remain than the bank wished to subscribe for on their own account; but it was at length concluded that the bank would take 500,000 or a few thousand over if the cashier could not diminish that sum. With these instructions Mr. Chauncey went to Harrisburg to subscribe for the whole loan of \$2,000,000 at par, with however a small latitude with regard to the offer, to offer a fraction more if he found it expedient to do so—the fraction was not fixed. I am positive it was not to exceed one per cent. but the impression on my mind it was less than one. In making this offer it was understood by the committee that the bank was to take for its own account about \$500,000, and that the remainder was to be subscribed for by the bank for account of the persons a list of whose names we then had before us, and which is now on the books of the bank, and who were to have it at the same rate at which we might contract for.

Q To your knowledge were there means used by any one to induce the public to believe that the bank would take the whole stock for itself?

A I know of no means used to induce the public to believe that the bank would take the whole stock for itself, to the exclusion of others.

Q Was it the policy of the bank, of the committee, or of any individual of it to prevent competition by monopolizing the whole for certain favourites of the bank?

A I know of no such means, nor do I believe it was the policy of the bank. My impression is, it was the opinion of a majority of the board and decidedly my own opinion, that inasmuch as the bank held at that time between 17 and \$1800,000 of the state 5 per cent. stock, which she had been unable to dispose of, that it was of the utmost importance to this institution that the loan of \$2,000,000 which the state was offering should be taken, but there appeared no wish by a majority of the board to offer for this stock from motives of interest, but from expediency first, to prevent the stock which the bank then held from falling, by which the bank would be considerable losers, and secondly: with a view of encouraging others to come forward and participate in the loan.

From inquiry which was made by the bank, of the monied institutions, the banks of the city and individuals, and such inquiry as

I made myself. It appeared that there would be but small amounts offered for this loan; and as the committee believed that unless the institution came forward and offered for the loan it might fail. Under all those views the committee determined on the part of the bank that if individuals and monied institutions would unite with us in offering for the loan, that this bank should do so, which was accordingly done.

Q Do you believe that the interest of the bank was promoted by taking the loan?

A I do not believe the interest of the bank was promoted by taking the loan. The views of the committee were to promote the interest of the bank; the result was, if not a disadvantage, it was not of considerable advantage.

Q What price did the stock committee fix upon the loan after the bank had taken it?

There was a stock committee appointed previous to that, but they were not authorised to sell the loan of 1828, till the 30th August, 1828. The board extended the powers of the old committee to the stock of 1828. The committee fixed the price at 5 per ct. premium of the stock of 1828 for small sums; if large sums were offered for, the stock committee was to be informed, and it was the impression that less would be taken: it depended on the amount offered. I believe none of that stock was sold for a considerable time after.

Q Had not the "understanding with another institution and with individuals," stated by the committee on part of the bank, the effect of lessening competition in bidding for the loan, and thereby to diminish the price which the state would obtain for it?

A My opinion is, it is exactly the reverse; that if the bank had not come forward, many individuals who subscribed under the bank, would not have taken any portion of the stock, and so far from preventing competition it had the effect of inviting individuals and others to participate, knowing that the whole would be taken, and that none would be left unsubscribed for, which would prevent any remains of the stock coming into the market at a lower price.

Q Was there any written correspondence with the other institutions mentioned by the committee on the part of the bank? If so, please give a copy.

A There was no correspondence to my knowledge by the committee, with any institution.

Q Were the instructions to the cashier relative to the loan of two millions in writing or were they verbal? If in writing please furnish a copy.

A The instructions to the cashier in the two million loan were verbal, but were taken down by him; after having made them he read them over.

Q Was it not understood generally in the Philadelphia stock market, that the bank of Pennsylvania had obtained a good bargain in getting the state loan of two millions *at par*?

A When the stock was first taken by the bank and others who participated, it was thought they had got a bargain, and they believed they had got one, consequently their ideas were buoyed up. Not only this institution but others asked high prices—after waiting for the effervescence of public opinion to subside and but few purchasers coming forward to buy at the prices they were then asking, we and others perceived that our bargain was not so good as we supposed, and was necessary to reduce our prices or continue to be the holders of the stock. The prices of stock were then reduced from time to time, in order to induce purchasers to come forward; and at this time I do not believe more than par can be obtained for the stock of 1828, the seller retaining the interest till the first of February next. I have no knowledge of other stock selling at that time above par, but my impression is it was.

Q Is it known to the president, directors or any officer of the bank, that the cashier either directly or indirectly deals through the agency of any broker, or other person or persons, in any of the public funds or stocks?

A I have no knowledge of any circumstance of that kind, nor have I any reason to believe that he does do so.

Q Does the committee on stocks and loans keep a minute of their proceedings, and will you lay the same before the committee of the legislature?

A The committee on stocks keep no regular minute of their proceedings.

Robert A. Pitfield, cashier bank Northern Liberties, sworn.

Q Are you cashier of the bank of Northern Liberties, in the county of Philadelphia?

A I am cashier of the bank of Northern Liberties.

Q Did you ever see the checks of Elihu Chauncey in your bank, given as you supposed in exchange for those of James Paul; if so, what course did they take?

A I have frequently seen checks of that description. James Paul frequently deposited E. Chauncey's checks, with an understanding that he should not draw on them. I am not aware that he ever did draw on checks of E. Chauncey so deposited. The usual amount was \$10,000 on average, have known it more and less, sometimes \$15,000 sometimes \$8,000. James Paul is one of the directors of the Northern Liberty bank. Mr. White had also deposited Mr. Chauncey's checks. \$10,000 is a common sum. Funds drawn on them would operate against the institution.

Q Did you ever as cashier refuse Elihu Chauncey any favors of a money kind as an individual; if so, please state what they were?

Witness declines answering, being of a private nature; he never asked as cashier of the bank.

Q Did you understand what favors of a money kind were granted to Mr. Chauncey, during the life time of Mr. Whitehead, president of your bank?

Declines to answer, being of a private nature.

Q Is Mr. Paul a director of your bank, and what is his occupation or business, or does he do any business, to your knowledge or belief?

A James Paul is a director. He is out of business. Attends merely to the collection of his income. Mr. Chauncey never offered a check on deposit—he has no account, nor has he ever had an account there to my knowledge.

9th January, 1829.

Edward Biddle, sworn.

Q Are you one of the house of Messrs. Biddles, stock and exchange brokers of this city? Do you write in the office of Messrs. Biddles?

A I am not a stock or exchange broker. I am clerk to the firm of the Biddles.

Q Has your house ever bought of, or sold to Mr. Elihu Chauncey, any stock, or notes of hand, or bills of exchange foreign or inland, of any kind whatever?

A They have had occasionally stock transactions with Mr. Chauncey. I do not recollect at the present moment any notes or bills of exchange. They have had orders to buy stock, and sometimes to sell. He sometimes bought stock for Pennsylvania bank. He sometimes bought and sold stocks in his individual capacity. We took stock in the last loan for various persons; don't think it proper to divulge the names of individuals for whom we took the stock.

Q Was Mr. Chauncey ever in his own name, or in the name of any other, a partner in your house, in the purchase of any state or United States loan?

A I don't recollect of Mr. Chauncey being concerned with us in any thing of the kind, either in state or United States stock. I have been clerk in that house since 1819 or 1820.

Q Did he ever act as agent to a large amount, in transactions with your house, and do the Biddles ever exchange checks with him, or get his checks for value received to a large amount, and deposit the same in bank without first drawing the bank notes for the same?

A Mr. Chauncey did not transact business as agent in our house. We do not exchange checks with him. I do not know of any. We keep our general accounts in the Pennsylvania bank and the bank of the United States. We deposit our checks either in one or the other as it may happen, on which they are drawn.

Joseph Swift sworn.

Q Are you a book-keeper in the office of the Messrs. Biddles?

A I am book-keeper in the office of Messrs. Biddles.

Q Did you ever deposit the check of Mr. Chauncey, on the bank of Pennsylvania, for any amount, great or small, in the bank United States, or any other bank, to the credit of the Messrs. Biddles, when it was known that said check would not be passed to the debit of Mr. Chauncey until the next day afterwards? If so, please state minutely.

We have deposited checks of Mr. Chauncey, and many others, frequently, in this way. Mr. Chauncey's checks are sometimes small, sometimes large, but not often very large, from 2 to 12,000 dollars.

Q Do you know of the Messrs. Biddles ever having had any stock or exchange operations in concern with Mr. Elihu Chauncey, or any officer of the bank of Pennsylvania, or any other person for him?

A No, I do not know of the Messrs. Biddles having any stock or exchange operations with Mr. Chauncey, or any other officer of the Pennsylvania bank, or any other person for him.

William Clark, discount clerk, again.

Q Did the cashier of this bank, at any time, desire you or any other person, to your knowledge, to make any incorrect statement of the income of the bank? If so, relate all the particulars minutely.

A I do not very distinctly recollect the transaction. Do not know that the cashier ever gave me orders to do so. I have some knowledge that the statement of the income of the bank was altered, but whether I derived that knowledge from my own observation, or whether it was told to me, I do not recollect. This happened some years ago. I understood it was done by the orders of the cashier. I understood the motive or object to be, to leave a provision for a stock note, of a considerable amount, which fell due one or two days after the regular discount day. I have, on such occasions, myself informed the cashier or president that such notes were about to become due, in order that some provision might be left for the renewal of such notes, if such renewal should be asked. Perhaps I might have done so in this case, but I do not particularly recollect that. On the next day after the alteration was made, it came to the knowledge of the president; in what way I cannot now distinctly recollect, but I am inclined to believe that I mentioned it to him; of that, however, I will not be positive. The president ordered the income to be correctly represented; and I understood at the time, that the cashier and he had consulted about it. The income was therefore correctly stated to the board; and neither on that occasion nor any other, within my knowledge, was the board ever deceived with regard to the income. I do not recollect whose note it was. Do not distinctly recollect the amount. May have been 8 or 10,000 dollars. The transaction was mentioned to me by Samuel Coats.

Question by the bank committee: Did you make the alteration? If not, who did? If you made it, by whose orders?

A I did not make the alteration. My impression at the time was, Mr. M'Goffin made it, and that he made it by the order of the cashier.

Q Did the cashier ever order you to make the alteration?

A I do not recollect that the cashier ever ordered me to make the alteration.

Q Was the incorrect statement ever presented to the board? Was it not corrected before it was sent in?

A No incorrect statement within my knowledge was ever presented to the board; it was corrected before it went in.

Question by committee as to alteration: Did the cashier ever order or direct you to make any alteration in any statement to be made to the board, of the state of the bank; and have the books of the bank ever to your knowledge been ordered to correspond with such altered statement?

A Never to my knowledge. Every thing is strictly and fairly done in my department. I know of no such transaction as is alluded to there.

Question by bank committee: Can you fix the time when this transaction took place.

A I cannot fix the time—it may be 3, 4, 5 or 6 years ago.

Q Was the note a *stock* note, under the jurisdiction of the stock committee, or were there any particular circumstances in relation to it, which took it out of the general rule?

A I cannot recollect any thing farther than I believe it to have been a stock note, but under what particular circumstances, or if under any particular circumstances, I cannot recollect. This was the above note spoken of.

Joseph M'Goffin, again examined.

Q Did the cashier ever order or direct you to make any alteration in any statement to be made to the board, of the state of the bank?

A I did alter the statement of the income of the bank; I think it was in the year 1825. The cashier never directly ordered me to make the alteration. I was told by Mr. Clark, discount clerk, that the cashier informed him the note was to be taken off. I took it off.

Q Was the incorrect statement ever presented to the board, or was it corrected before it went in?

A The incorrect statement was never presented to the board. I corrected it by order of Mr. Norris, the president. I do not know the object of making the alteration.

Q Have the books of the bank ever to your knowledge been altered to correspond with such altered statement?

A I know of no such transaction of any alteration in the statement and the books made to correspond.

Statement 25th May, 1825. Total income of that day, \$107,303 93.

The note I think was payable at New York, for \$33,000.

Question by the bank committee.

Q Did the cashier ever order you to make the alteration?

A I observed Mr. Clark, the discount clerk, coming across to the bank one afternoon with a list of discount notes in his hand, and on coming up to me, he put his thumb on that note, a conspicuous note, and said "that note is to come off, Mr. M'Goffin, the cashier says so." He turned round to his desk and said "if the president objects in the morning, I will come over and explain it to him." He meant that he would explain it to Mr. Norris.

Question by the bank committee.

Q Did you ever have any conversation with the cashier or president respecting it?

A I never had any conversation with the cashier or president respecting that business—(the above.)

James Paul, affirmed.

Q Has Mr. Chauncey been concerned directly or indirectly in any way in the purchase and sale of stocks or the discounting of notes, to your knowledge?

A I never had any knowledge of any transactions in the purchase or sale of stock by the cashier.

Q Is Mr. Chauncey in the habit, or does he sometimes get your checks in exchange for his to a large amount; or what consideration do you get for such checks?

A I very frequently lend Mr. Chauncey money—give him my checks. I never got a cent for it; I lend it to oblige him.

Q Were you a partner in the late state loan of two millions; if so, please state how you become so?

A Mr. Chauncey asked me about the loan. I told him I would take a slice or part, if it went at par.

Q Would you have been willing to have taken any part of the late loans to the state above par? And at what price have you sold any of the loan you took of the state at par?

A I told Mr. Chauncey to take it at par. With regard to the sales of the stock, I think that my own business. I decline answering.

William S. Evans, 2d teller again.

Q Has the cashier ever passed the checks of brokers to his own credit; if so, for what sums, and when were they paid?

A I think the cashier did pass the check of a broker to his credit, (the cashier's) for 14 or 15,000 dollars, which check was not paid that day.

John T. Sullivan, again examined.

Q Was the committee appointed to loan money on stock, authorised to discount notes on personal security; and has that committee been discontinued by the board, and when? Since that period, has there been any authority given by the board to any director, or other person or persons, to make discounts on stocks or personal security, in the absence of the board of directors?

A I understood the committee authorised to loan money on pledges of stock, was authorised to discount loans without the authority of the board on pledges of stock; they were not authorised to discount on personal security. That committee has been discontinued I think last fall a year but cannot state the time exactly. At the time this took place, there was a pressure on this bank, or a scarcity of money, owing to extensive accommodations to brokers, on pledges of stock. In consequence of those circumstances, I made a motion that the functions of that committee should cease; it was not a regular motion, but on suggestion to the board it was unanimously concurred in, that the committee should be abolished. Since that period no authority was given to any person, either director, committee or officer, to make loans, for any consideration, without the sanction of the board.

Q Have there been any discounts since that time to brokers and others, without the authority of the board? If so, to whom, and for what amount, so far as you recollect? Were discounts made by the president at a period when good paper was rejected by the board for want of means?

A There have been several loans to brokers and others since that period, for large amounts, without the authority of the board, or without their knowledge.

I first became acquainted with this departure from the rules of the board, having stopped in the bank in the afternoon, previous to discounting, looking in the discount books, with a view of ascertaining the character and view of the offer for the next day; I then discovered that a discount was made that had not been submitted to the board. I then stated to the discount clerk, "this note was not before the board—how came it here?" He stated that the president directed the note to be entered on the books, after the board had broken up. The discount was for one of the notes for \$13,900, made to a Mr. Ralston, a brother of one of the directors. The circumstance excited the more astonishment inasmuch as the drawer of the note had recently arrived in the country; and I believe while I had been in the bank, his name had never been presented to the board of directors. The indorser may have been good, but have seen paper for a less amount, from the same person, (the above indorser) refused for want of confidence in the drawer and indorser. It is my opinion that the above note of \$13,900, would not have been discounted by the board if presented. The books are brought before the board; but unless your attention is particularly drawn to them, they are never examined; and I was in the bank a long time before I knew the practice to prevail.

Discounts were made by the president at a period when good paper was rejected by the board for want of means, very frequently. I think on the 5th January, 1828, there was \$20,000 discounted by the president—30th January, \$20,000—2d February, \$40,000, and same day, \$40,000—12th April there is a note entered for

\$20,000, which was not put on the books on the discount day, but I think was put on a day or two before. I would not be so positive that the last sum was discounted exclusively by the president, but that is my opinion. On 18th June, \$20,000. 18th June James Whitehill's note done for the Biddles for \$10,600—on the 5th July there was a stock operation of \$9,500; another on the 5th July for \$9,500; neither of which, in my apprehension, were ever submitted to the board.

It is probable there may be a mistake in some of those notes, but so far as my memory serves me, and I have been very attentive, the facts are correctly stated.

Q State if you can the amount of discounts by consent of the board to the Biddles during the year 1828?

A By the memorandum I have here taken from the books, the amount of discount to the Biddles, by consent of the board, is \$189,000.

Question by bank committee. Please designate the time you made the suggestion for the dissolution of the committee on loans?

A I refer to my answer to the first question as to the time.

Mr. Norris, president, again.

Q Do you know who authorised an incorrect statement to be made in 1825, and what do you know of that transaction?

A I know nothing of any erroneous statement ever made to the board; if so, it has entirely gone from my memory.

Samuel Coats, jr. first note clerk, called and affirmed, by the bank.

Q Do you know of any incorrect statement made in 1825, and did the cashier tell you that he directed the alteration to be made?

A I do not know of my own knowledge any thing about an incorrect statement of the bank in 1825. I never did alter any statement of the income of the bank.

The cashier did not tell me that he directed the alteration to be made.

Question to the president. What amount of accommodation, and what amount of *business* paper has the bank at this time discounted?

Answer in writing:

The amount of accommodation paper discounted by this bank December 30, 1828, was

\$301,244 00

The amount of business paper was

918,024 42

Bonds and mortgages, &c.

58,867 62

1,278,136 04

The amount of protested bills was

333,647 96

\$1,611,783 80

Question to the president. Was the \$253,000, or the \$200,000 or any part of it (loaned in pursuance of a resolution of the board adopted 29th January, 1828) loaned to brokers?

A In the course of February and March, 1825, this sum was loaned to brokers by the committee.

Mr. Cave explains: That in my last testimony I stated that the discounts for the brokers who had taken the last loan was by the board, but now I am not prepared to say whether they were discounted by the board or not—I do not know how it was.

January 10, 1829.

George R. Smith, first teller, again.

Q. Did Jonah Thompson, a stockholder director, over-draw the bank? if so, what amount did you pay, and who paid the remainder? Is it usual for you to absent yourself during business hours? How did it happen that you left the bank and remained absent from your post on that day? Please state by what authority, and all the circumstances connected with this transaction.

A Jonah and George Thompson did overdraw the bank, to the amount of \$6,000. Part of that day I was absent. Dont recollect how much was paid. It is not usual for the first teller to be absent. The reason why I was absent, was, that I was at our quarterly meeting of *friends*. I dont recollect to whom the over-draft was paid. It was not applied to the use of any officer of the bank.

Q What has been the practice of the cashier taking money improperly from the bank?

A I dont know of the fact of the cashier taking money improperly from the bank.

Q Were there any recent over-drafts? If so, by whom, and for what amount?

A There were some recent over-drafts—there was one of Andrew M. Pouveau, a few weeks ago, for something over \$3,000. There was a more recent one, that of John Wharton, for something over \$6,000. There have been overdrafts, generally of a small amount, but paid again.

Q By bank committee.—Were or were not the overdrafts of J. and G. Thompson repaid to the bank?

A The overdrafts of J. and G. Thompson were repaid to the bank.

Q By committee of legislature.—What circumstance gave rise to your calling with Mr. Evans, or the president, about the cashier?

A I called on the president in consequence of some checks of Elihu Chauncey coming in exchange from the bank of Northern Liberties in the morning, some of which were not provided for at the time they came. The checks were from 5, 6, 7, 8, to \$11,000; generally about 8 and 9,000 dollars. There would appear some times two or three in successive exchanges; they would continue sometimes for three weeks, and then cease for months.

Mr. Evans and myself called on the president for the purpose of stating the circumstance of these checks, and to receive instructions from him how we should proceed. The president said he would give us an answer the next day. Two days after the presi-

dent told me that the securities of the cashier were responsible for any thing of that kind, and we were not; that as cashier he had control of the cash. This practice has been discontinued since that time. This was about the middle of September, 1828. We had some doubt about the correctness of the proceedings, whether we ought to pay such checks. We called on the president in the afternoon after the bank had closed.

William Brown, director, sworn.

Q Was not the bank in a very serious and critical situation about the first Monday of November, about the time the cashier went to Harrisburg?

A I neither think the bank was in a serious or critical situation about the first Monday of November, 1828, about the time the cashier went to Harrisburg. I have been a director for eleven years, and never knew the bank in such a situation. I came in in 1827.

Q Did you not pledge some of your own, or some of the securities of the bank, in order to sustain the credit of the bank?

A I did not pledge my own or any of the securities of the bank, in order to sustain the credit of the bank.

Q Was the bank by your knowledge ever compelled to go into the market to sell her stock, to sustain herself? if so, please state all you know on the subject.

A The bank I dont think was *compelled* to go into the market to sell her stock in order to sustain herself. Some time, I think between the 25th Oct. and 1st Nov. 1828, there was a considerable press for money; the offering was much larger than the income. A majority of the board as I believe thought it prudent that we should keep within our income: we did so. After the board broke up, Mr. Okie asked me as one of the stock committee, what the prospects were for the sale of stock. I told him they were not encouraging; he then asked me if money could not be obtained on this stock, in case of need. I told him I did not know, but as it was known generally, that I had a large amount of stock myself, I could make the inquiry without any one knowing that it was for any person but myself. Betwixt that and the discount next day, there was considerable drafts from other banks of specie; from one bank I think to the amount of \$100,000, and from other banks considerable. I think the president mentioned, that with the exception of the Spanish dollars, the greatest quantity of the other coin had been drawn out. The idea Mr. Okie threw out, then suggested itself to me, and I made inquiry how the monied individuals, if they would advance me 50 to 100,000 dollars, predicated on a sale of state 5 per cent. stock, not to be forced on the market, but sold as the market would bear.

In the course of a day I received for answer to the amount of \$50,000 could be done, and perhaps a larger sum. I stated I would give an answer the next day.

When the board met, the specie in the bank was, I think, a little under \$100,000, and the balance from the other banks were against this one. The board seemed anxious to discount the paper that was offered. After the discounting was over, some proposed one thing and some another; one proposition was from Mr. Sullivan, to advertise 500,000 dollars of the state 5 per cent. stock that the bank held, and sell it at public auction. I did not like that mode. I thought it would be unprofitable to the bank, and injurious to the state; and stated to the board the substance of what I have already stated here, and wished Mr. Sullivan to withdraw his proposition. To the best of my recollection, it was not withdrawn, but ordered to lie on the table. The board then agreed that the stock committee should be authorised to take money, not exceeding 200,000 dollars, predicated on the sale of stock; I think that was the amount, but will not be positive; in consequence of which I took 50,000 dollars, the committee on stocks authorising me so to do; and a day or two after I took \$30,000 more. The whole sum amounting to 80,000 dollars. I took it on the authority of the committee, to be paid for by a sale of stock, and by the interest that accrue on it, and the usual brokerage of $\frac{1}{4}$ per cent. on the sale of it. The stock was sold at different periods, perhaps in 3 weeks. The price received, I think, for the late loan of two millions was $3\frac{1}{2}$ per cent. and 3 per cent. of what was sold of the loans, that had not so long to run. As I received the money, I handed it to the president; and the stock was sold in my name, and by my orders. I handed the bills of the stock to the president, and the account when it was closed, and there ended the transaction.

The price that was obtained for it is higher, I believe, than any that has been sold since.

Q Was any money borrowed at interest last year, from an individual or individuals, by any person, and by whom, for the use of the bank of Pennsylvania; how much, and at what rate of interest? Has the bank agreed to pay an interest to the Harrisburg bank, on what amount, and at what rate of interest? And does she pay interest to Messrs. Barings, of London?

A I know of no other than that I have now stated, except the Harrisburg bank. The balance due the Harrisburg bank, I think is 150,000 dollars, at the rate of 5 per cent. interest; and that was done I think, to accommodate the state.

Q How much of the United States loan, was paid off in July, 1828?

A I don't remember.

Q Did the committee authorised to discount on stock deposits at all times examine the security offered, previously to the discount having been made?

Q I think whenever the president had an opportunity he consulted the committee, and they did examine the security on stock deposits.

Monday, 12th January, 1829.

A communication from the committee of the bank to the committee of the legislature, also a communication from the committee of the legislature to the committee of the bank.

[Pro ut communications, in appendix.]

Abraham Okie, again called.

Q. Was the bank in a very serious and critical situation about the first Monday of November, about the time the cashier went to Harrisburg?

A. I considered the bank in a serious and critical situation about the 25th October, 1828, in consequence of its being debtor bank for a considerable sum, and in consequence of the cashier having drawn the attention of the board particularly to the state of the bank at that time. When I state that the bank was in a critical situation at that time, I don't wish to convey the idea that the bank was insolvent, or any thing like it, but that the bank was in that situation as to induce her to act on the defensive. In the trip to Harrisburg, by the cashier, as I understood it was to parry an impending blow. As by the statement of the 25th Oct. 1828, it appears we owed the Harrisburg bank \$151,482 37. There had some little jealousy supposed on the part of the Harrisburg bank, in consequence of the establishment of the branch, and was supposed that the Harrisburg bank would draw on us for the amount due. There appeared a good deal of uneasiness on account of the statement, as that item appeared greater than the amount of specie on hand, which was \$134,154 15, as reported on the 25th Oct. and had dwindled down to \$79,773, on the 28th Oct. The following resolution by the board to negotiate with the Harrisburg bank for the debt due, (pro ut resolution) dated 25th Oct. 1828, cashier made the following report, (pro ut report) dated 1st Nov. 1828; resolution of the board dated 29th October, 1828: That the committee on stock take temporary loans, not exceeding \$200,000, and pledge stock, (pro ut resolution.) It was stated by a very respectable gentleman on Saturday last, that these things were gone into for the benefit of the state; but I must acknowledge that I had not the state in view at that particular time; my object was to protect the bank.

Q. Do you think that the bank was placed in this critical situation in consequence of its large speculations in the state loans, and in consequence of its difficulty in making sales, if the latter, was the cause to be attributed to the partners in the loan disposing of the stock?

A. I have no doubt but the bank was placed in that situation in consequence of the state loan. The bank went forward and took \$2,000,000 of state loan; out of that two millions, \$514,200 only fell to the lot of the bank. Of this the instalments were paid up, in anticipation, to the state. After these instalments had been paid up, as I conceive, the state had no claim whatever on the bank. The officers of government could not know, officially, any other than the bank of Pennsylvania, in the taking of the loan,

as I presume. But we find an individual firm in the city who took \$800,000 of that loan. It appears to me evident then that every instalment beyond what the bank had actually paid upon her own stock, that she paid to the government, in advance. She was standing in the gap for all the individual holders, and the state not knowing any of these individuals, could not apply to them, although they are heavier holders than the bank. Hence I draw the conclusion of the folly of the bank in having any thing to do with any individual holders, or any person whatever, in conjunction with her.

Q Was you privy to the report made to the board by the cashier some months ago, of the loss of \$2000, which he stated to have been stolen from the bank?

Was a committee appointed on that occasion, and was you one of that committee?

After an investigation to what conclusion did you come?

A I was in the board when the cashier stated that \$2,000 had been stolen from the bank. A committee of three was appointed to investigate the affair—I was one of the committee. Two of the gentlemen came to one conclusion and I to another. My conclusion was that the loss was in consequence of neglect of the cashier, and should be charged to him. The result was that it was charged to profit and loss. There were two reports introduced into the bank on that occasion. The first report was signed by two—I did not sign the report. After the board broke up, and after some conversation between the cashier and Mr. Ridgway, the first report was withdrawn and another substituted, (minutes 20th September, 1828—motion to postpone report for the purpose of introducing a substitute—motion was lost, yeas 4, nays 10—report adopted) pro ut minutes. The substitute I offered is not on the minutes, nor have I a copy of it

January 12, 1829.

Resolved, By the joint committee of the legislature that the officers or directors of the bank of Pennsylvania, be allowed the privilege of offering any testimony they may think necessary to show that the affairs of said bank have been properly conducted.

January 13, 1829.

Examination of witnesses by the bank.

Question by bank to *William Brown.*

Messrs. Okie and Sullivan have stated, that it is usual for committees to contract for loans, or make purchases or sales, without the consent of the board; be pleased to state what the practice is in this bank, and whether you have known a single instance when a committee without full powers from the board, did ever so contract, or make purchases or sales?

I have not known a single instance where a committee have contracted for loans, or made purchases or sales of stock, without having full power from the board so to do.

Q Mr. Sullivan has stated (in answer to question No. 3) that the late loan of two millions was taken by the cashier without the order of the board; be pleased to state what you know relating to this fact?

A I know that the cashier taking that loan of two millions, acted in conformity with instructions received from the committee appointed by the board on the 21st June last, with full power so to do.

Q Mr. Sullivan has stated that the cashier participates in the counsels of the board, and that his influence with the board is very considerable; be pleased to say whether you have known the cashier to interfere improperly with the business of the board, or whether he has ever attempted to exercise any personal influence over any director?

A I have never known the cashier to interfere improperly in the councils of the board, or to use personal influence with any director, nor do I think that any gentleman in the board would suffer the cashier or any other person to use personal influence. In my opinion the cashier's conduct at the board has always been decorous and gentlemanly.

Q In answer to question No. 16, Mr. Sullivan has stated, that the board has lost its most valuable business customers, by its stock operations. Do you accord in this opinion; and do you know of any one valuable business customer, the bank has lost by its stock operations, or its want of funds?

A I do not accord with Mr. Sullivan in his opinion, nor do I know any valuable customers, or any other customer, the bank has lost by its stock operations, or by want of funds. I think the discount received for the last six months, is greater than that of the 6 months preceding, which the dividend statements will show.

Q Were you a member of the last committee to lend money on pledges of stock; if so, state when you were appointed, how you exercised your powers, and when and how were you discharged?

A In answering this I will refer to the minutes, 9th Oct. 1824, Resolution that the president be authorised to discount notes, &c. Pro ut resolution.

10th Nov. 1824, board appoint Messrs. Brown, Sansom and Neff, a committee, &c. Pro ut resolution.

13th Nov. 1824, committee report verbally that it would be safe to lend money on United States bank stock, &c.

11th Dec. 1824, committee appointed on 10th ult. report.

29th Jan. 1825, resolution that the president, with Messrs. Ridgway and Brown, a committee to discount to an amount not exceeding \$200,000, in the aggregate at the rate of 5 per cent. not less than 60 days, nor more than 6 months, to run on pledges of stock. Prout resolution.

When the resolution of 29th Jan, 1825, was adopted, the bank, I think, had considerable funds unemployed; and it was a serious consideration with the directors how to employ these funds to the advantage of the bank. The resolution alluded to, was adopted

With an understanding amongst the directors, that they and the officers of the institution, should make it as publicly known as possible among their friends, and that they would do their *endeavors* to bring such customers to the bank. In consequence of this resolution, sums were loaned from time to time, on security of stock; whether there was any deviation in the security taken, (when I say deviation, I mean other stocks than mentioned in the resolution,) was always submitted to the board before taken. The balances by other banks; still continued in favor of this bank. The committee continued discounting whenever they had an opportunity, notes in this way, always considering the favor done to the bank, and not to the borrowers. This went on up to August, 1827, when the funds of the bank unemployed became so large that it became a matter of very serious consideration with the board of directors, how they should be employed; and on the 21st July, 1827, the balance due the bank was \$765,133. On the 25th July, still increased—was \$862,000. On the 8th August, balance due this bank was \$882,000. It owed \$60,000. I find on the 8th August, 1827, a resolution placed on the minutes, appointing a committee to do discounts of real business paper on terms less than the rate usually charged to an amount not exceeding \$200,000 *pro ut resolution.*) This resolution occasioned a good deal of agitation in the board. Some gentlemen stated pretty warmly, “would you go to discount business paper or any paper before my face, at a rate less than I pay you on my accommodation paper, which I consider as good as the bank, or I would not offer it,” and I fully concurred in the opinion of the gentleman what he stated about his paper. The resolution was not adopted. After a good deal of discussion the board broke up with this understanding, that the committee loaning money on stock should use every exertion to loan money in that way, and that the president, if good business paper was brought on other days than discount days, should, if he met with any of the directors, discount such paper and have it put on the books. This practice continued, the committee using every exertion to get paper from any one that offered it on pledges of stock until money came in demand, when the committee ceased to do any thing farther except fulfilling the engagements they had came under. The committee conceived they were acting under the resolution of 29th January, 1825. When money came in demand; some of the parties that had taken money on deposit of stock applied to the president, I think several days before their notes became due, to know if a part of the amount would not be renewed for a short time; the board did not at that time come on any determination on that subject—thought it was time enough when the notes became due.

I will observe that in every instance when this money was loaned on stock of 5 per cent. I considered it a favour done to the bank, and that every dollar received of discount in that way was so much gained by the bank, that they would not have gained it if that plan had not been adopted. In no instance that I know of,

in making such loans has the bank, lost a single dollar. When those notes were discounted they were entered on the books of the bank, which books were placed before the directors at the next discount day.

I have no knowledge of any resolution being offered to this day discharging that committee. It is not considered in this bank that a new election dissolves a committee appointed under a resolution by a former board.

Question by committee of the legislature,

Did Mr. Chauncey ever say in your presence, that he had to let the Messrs. Biddles in the loan of 1827, lest they might be competitors with the bank?

I never heard Mr. Chauncey say that he was obliged to let the Messrs. Biddles participate in the loan of 1827, in order to prevent them from being competitors. Mr. Chauncey had no power to let them in—he was acting under the direction of the committee.

Question by committee of legislature.

What were the instructions given by the committee to Mr. Chauncey, when he was authorised to take the loan of two millions? Were they in writing?

The instructions given to Mr. Chauncey, in the loan of two millions, were in writing—a copy of which the committee of the legislature now has.

William Sansom, a director of the bank, affirmed.

Q Were you present at the meeting of the board of directors, on the 16th of April last, when a *certain auction house*, offered for discount three notes, for \$548 70, for \$2410 45, and for \$1573 71? if so, state what occurred on that occasion?

I was present. Mr. Sullivan urged that these notes or some of them should be discounted; to this it was objected, that the offerers were discounters at the bank, for \$38124: that they kept a poor account; and that the commonwealth would soon require a temporary loan, and that the bank ought to be in a situation to furnish at least a part of it to the commonwealth; Mr. Sullivan replied, that he should be opposed to aiding the commonwealth any further: that the bank, had already gone far enough, or too far, in making loans to the commonwealth, and that he understood that the bank was established to aid the people and the merchants, and not the commonwealth. The president observed, that he would not have read the preamble to the charter, (reciting the preamble,) Mr. Sullivan added it would be a poor business, to lend money to the state at 5 per cent when we could get such paper as this at 6 per cent.

Q What in your judgment, has been the conduct of the cashier since he has filled the office? Has he or has he not, devoted his time and attention industriously, zealously and with fidelity, to the duties of his office? And what has been his deportment at the board, and to the directors of the bank?

A I know nothing of the conduct of the cashier that is exceptionable. I suppose he has directed his time and attention indus-

triously, zealously and with ability and fidelity to the duties of his office.

I never saw any thing but what was proper. Never knew him to behave disrespectfully to the board although I have frequently differed with him in his views—those views had nothing to do with the institution.

Q What has been the conduct of the president at the board, and to the directors individually? Does he attempt to controul the discounts at the board, or to act contrary to the wishes of the board?

A I never knew the president to act other than a gentleman of strict propriety to a member of the board, nor to attempt to controul the discounts of the board but in cases where, in the nature of his office, he was bound to do so, though I have seen him tried by personal attacks from one individual.

John R. Neff, sworn.

Q Were you a member of the committee which took the loan of 1827; if so be pleased to state the terms of the agreement made at this bank on the 29th June, 1827, by the committees from the Philadelphia bank, the Farmer's and Mechanics' bank, the bank of Pennsylvania, and Messrs. Thomas and John G. Biddle? and also state whether the proceedings of the cashier in that loan were in conformity with the directions of the committee?

A I was a member of the committee which took the loan of 1827—a committee of the Philadelphia bank and Farmer's and Mechanic's bank, met our committee in this room; at the first meeting of that committee we had considerable conversation, but nothing definitely fixed on. We had an application from the Messrs. Biddles, to be included in that loan for the sum of \$200,000—the committee on the part of this bank were opposed, I think unanimously to the Messrs. Biddles being included in this loan.

At the second meeting of the committees of the different banks, the Philadelphia bank agreed to take \$160,000 at or under 4 per cent. advance, if at $4\frac{1}{4}$ per cent. the Farmer's and Mechanic's bank agrees to take \$174,000 with a pro rata proportion of the \$160,000 declined by the Philadelphia bank, if more than $4\frac{1}{4}$ per cent. given, both banks excluded by their own request, they agreed to go thus far and no farther. The committee on the part of this bank, not wishing to invest more than half a million, having about that sum unemployed, saw a probability of the amount being greater than they desired to invest, they being of opinion that it would not be obtained at $4\frac{1}{4}$ per cent. concluded to let the Messrs. Biddles come in for \$200,000, as their offers were to be made without limit. Mr. Chauncey was then appointed by the committee of the three banks to proceed to Harrisburg, as their agent for the loan of 1827. Mr. Chauncey returned and reported that he had taken the whole loan at $4\frac{3}{4}$ per cent. premium, of which sum Messrs.

Biddles held \$200,000, the balance fell to the Pennsylvania bank by agreement. The proceedings of the cashier in that proceeding were in conformity to the directions of the committee as the minutes will show.

Q How does the president conduct the discounts at the board? Please to recite the course of proceeding at the board, and say whether he evinces any desire to do any discounts without the approbation of the directors?

A The practice at this board since I have been a director, is, the president opens the book wherein is inserted the drawer and endorser and amount of each note. The two directors examine the notes as called off by the president, to see that they are correctly drawn and endorsed. As the president calls off the notes, if they are renewals and no objections made, he puts the letter A, which denotes done or discounted.

With regard to new offerings, he is governed by the directors—when money is plenty the only question appeared to be whether the paper was good or not: when scarce, frequently diversity of opinion, some thought this, others that, or who should be accommodated, and of course settled by the board.

The president, of course the greatest responsibility devolves on him, and by his situation has influence in the board; but I must say if he does ever exercise any influence, it is always on the side of those who are most solicitous—in other words, I have no hesitation in saying with regard to the president, he is as pure as man can be in his intentions, and has the institution at heart, and has my perfect confidence in all his doings.

Question by committee of legislature.—Were not the Messrs. Biddles taken in to prevent competition, in the loan of 1827?

A If I had not thought it the interest of the bank to include the Messrs. Biddles, I would not have consented to their coming in; in other words, our object was to get the loan on the most favorable terms we could.

Q By committee of legislature.—In your opinion, who was most benefitted by the bank taking the late loan of two millions, the state or the bank? and did not the monopoly by the bank and brokers and others, prevent a fair competition in the Philadelphia market for said loan?

A As things have turned out, the bank was not benefitted by it, although I thought she would have been benefitted by it. In other words, I thought at the time the loan was taken, the bank was, or would be, benefitted by it, as I considered the loan taken on favorable terms by the bank. It is my opinion that if there was a competent agent who had the sole control of the stocks in Philadelphia, it would be more for the interest of the state.

Q By committee of legislature.—Has the bank been compelled to throw out a great amount of good paper, owing to her having so large an amount invested in stocks?

A Since the last loan of two millions, the bank has been obliged to throw out considerable good paper, though I attribute it not so much to the bank taking the loan, as anticipating the instalments.

Q By committee of legislature.—What was the price at which five per cent. state stock was held or sold, in June or July, 1827.

A The price was above par, but cannot answer precisely.

Q By committee of legislature.—Did you ever hear the cashier say that he had proxies sufficient to put out or in whom he pleased as directors? State all you know on this matter.

A I never did hear the cashier say that he had proxies to put out or in whom he thought proper.

14th Jan. 1829.

James Ronaldson, sworn.

Q Had you or any of your friends, at the time the late loan of two millions was taken, any funds that it was desirable to invest in the said state loan?

A I cannot say for others—as of myself, I have no money to lend.

John White, Esq. a director.

Q Do you consider the taking of the late loan by this bank, under the arrangements made for the purpose, *advantageous for the state*; if so, in what way?

A I do consider the taking the late loan by this bank under the arrangements made for the purpose, *advantageous for the state*—because I believe, if the bank had not made an offer for it, it would not have been taken at the time it was offered by the state.

Q Do you consider that the taking of the late loan by the bank, under the arrangements made for that purpose, *advantageous for the bank*; if so, in what way?

A I do consider the taking the late state loan by the bank *advantageous for the bank*, because, I believe the sales that had been made of that loan by the bank, have yielded a small advance above the interest due on it at the time it was sold, and because the payment of the first instalment into the bank, had the immediate effect of turning the balances with the banks in Philadelphia in favor of this bank; and thus enabling us with safety to see the situation of the bank, to discount liberally such paper as was deemed good, as offered by its customers. I find by a reference to this book, which contains the balances of accounts with banks in Philadelphia, which is laid before the board of directors every discount day, that deducting the balances due this bank from certain banks in Philadelphia, from the balances due from the bank to certain other banks in Philadelphia. That the balance on the 25th June, 1828, was upwards of \$57,000; against this bank on the 28th

June, was upwards of \$75,000; against this bank on the 2d July, was upwards of \$58,000.

The first instalment on the loan was paid on the 10th July, I think 40 per cent. on the whole amount. On 12th July the balances taken in the same way was upwards of \$448,000 in favor of this bank. On 16th July, was upwards of \$429,000, in favor of this bank. On 19th July, was upwards of \$393,000, in favor of this bank. This was a creditor bank for a considerable time after, and generally to a large amount.

Q Have not the business and profits of the bank been increased since the late loan was taken; if so, say how, and whether it has increased the deposits and the circulation?

A The business and profits of the bank have in my opinion been increased, by the increase of the amount of discounts of the bank and its branches, and by the increase of the amount of stock bearing interest held by the bank. I do not know whether it has increased the deposits or not—I have not examined them.

It appears by the books of the bank that the circulation of its notes has been increased about 300,000 dollars, since the late loan was taken. To give a view of this subject, it appears to me would be proper; and I have made from the books of the bank, and the returns of its branches, a monthly statement of the situation of the bank of Pennsylvania and its branches, from March to December, 1828; taken from the statement of the bank on the 20th of each month respectively, or the nearest date to it, shewing first the balances in favor of, or against the bank, in account with the banks of Philadelphia; the amount of notes discounted by the bank in Philadelphia; the amount of notes discounted by its branches; the total amount of notes discounted by the bank and its branches; the amount of stocks held by the bank bearing an interest, state 5 per cent. stock, Schuylkill navigation 6 per cent., Union Canal 6 per cent., and Chesapeake and Delaware 6 per cent., all included. the total amount of stocks held by the bank bearing an interest, and the amount of notes discounted by the bank together. the amounts of notes of the bank in circulation; the amount of specie in the bank and its branches, all at each date respectively. In the statement the fractional parts of a dollar I throw out. I omit. I refer the committee to a statement which will be furnished.

Pro ut statement furnished.

Q Of the notes offered for discount during the last year, has not a considerable amount been rejected because they were *not good*? A further sum rejected because they had *too long a time to run*? A further sum, because of the large amount already done for the offerers—and, perhaps still more, because the notes were brought here from New York, for the purposes of creating a fund, to take away specie from our city, and shipping it to Europe? And if the late loan had not been taken, would such paper have been discounted?

A Of the notes offered for discount for the last year a considerable amount was rejected because they were not deemed good by the board. A further sum was rejected because they had a longer term to run, than the board thought it advisable to discount for. We in some cases discounted paper considered very good that had a longer time to run, than it was understood other banks in the city were willing to discount.

During the last winter and spring, a considerable proportion of the paper, which was considered good, and rejected by the board, was believed to be intended to create funds to draw specie, which was then to a large amount shipped to Europe, from this port and particularly from New York.—This was in addition to the usual spring shipments of specie to the East Indies; which prevented the banks from discounting as they otherwise would have done. It was understood that a large amount of paper was sent here from New York, to be cashed, and very heavy drafts on short sight, made by the merchants of New York, on the auctioneers and others here; on whom they had a credit by the consignment of goods, or the right to draw from other arrangements for the purpose of creating funds to draw specie. and it was considered by the bank under the circumstance, should be very cautious in discounts, some of the paper was rejected, because it was thought that the offerers were already discounters to as large an amount as it was thought prudent for this institution to go for them.

Q What has been the conduct of the president, since you have been a director? Has he devoted his attention, with industry, zeal and ability to the duties of his office? And has his conduct at the board, and in making the discounts, been impartial, and to the approbation of the board?

A Since I have been a director in this bank, I believe the president has most faithfully and zealously devoted his time, attention and talents to the duty of his office. His conduct at the board, has been uniformly in my opinion, that of a gentleman of a high sense of honor and strict propriety. In making the discounts, I believe he has always intended to be impartial, and was so I believe; and I believe he received the approbation of the board in general.

Q What is your opinion of the conduct of the cashier, since you have been a director? Has he been industrious, zealous and faithful in the discharge of the duties of his office? And what has been his deportment at the board, and to the directors of the bank?

A In answer I say, that since I have been a director in this bank, I believe the cashier has been industrious, faithful and zealous in the discharge of the duties of his office—his deportment at the board, has been such in my opinion, as his situation required of him, and to the directors of the bank, that of one gentleman to another.

Question by committee of legislature :—If the arrangement which you mention in your answer to the first question, had not

been made, is it your opinion that the loan could not have been taken?

A If it had failed at that time, I think it would have injured the credit of the state. It might have been got afterwards, but probably not on as good terms to the state as it was taken at.

Question by committee of legislature:—Was there more danger of specie being taken from the country by discounts to merchants by the board, than by large loans to *brokers by the president*, as one of the committee of finance?

I do not know of any large loans to brokers by the president alone,—there was great danger of taking specie, I mean last winter, when there was great demand for specie, and we endeavoured to guard against it, by not discounting paper, created by drafts from New York, and by others who were known to be in that line. I do not know of any, nor do I believe there were any large new loans made to brokers last winter, by the committee of finance.

Question by committee of legislature:—Could not the loan at any period have been sold at a greater advance, than it has generally been sold at?

A I think it probable, that the stocks held by this bank, could have been sold at some periods, at a higher price than they had previously been sold at, or than was afterwards got for them. I was not one of the stock committee, therefore it was not my duty to attend to that business.

Jacob Ridgway, called.

Q What do you know, relating to loans made by the president, during the first half of the year 1828, for the accommodations of Messrs. Biddles?

A In January, 1825, the bank had more means than they could employ; a committee was appointed on the 29th January, by the directors of this bank, to discount notes on the deposit of stock, at the rate of 5 per cent. The inexpediency of appointing this committee for that purpose, was in order that it might not interfere with our regular discounts at the board, which we were doing at the rate of 6 per cent. and as the superabundance of funds might not last for any length of time, it was thought best to appoint a committee, for the special purpose of discounting at the rate of 5 per cent. on a special pledge of stock, for a term not less than two months, nor exceeding six months, for a sum not exceeding 200,000 dollars, soon after the appointment of this committee, there was a considerable sum discounted in this way, for the Messrs. Biddles, I think to the extent of about 200,000 dollars, on a pledge of stock at the rate of 5 per cent. This was continued; sometimes it varied a little—notes were renewed from time to time till January 1828.

In January 1828, I believe there was remaining somewhere about \$133,000 dollars of their notes, and in July of the same year, were reduced to a trifle. Between the period of January and July, money was scarce—the Messrs. Biddles applied from time to

time, to have some accommodation for those notes, which had been originally created when money was abundant. This proposition of theirs seemed by many of the board to be rather objected to, as it was asked for by brokers who were dealers in money; but a majority of the board were of opinion that as they had taken our money when it was abundant, we ought to shew a disposition to accommodate when it had become more rare. They made application to this board, when one of those notes was about becoming due, whether the board would renew a part and perhaps in some cases the whole which was payable.

Those applications were made sometimes several days before such notes fell due; at other times, were made when they did fall due; and I believe in one or two instances, were made after they became due and paid.

Where these notes became due, some day or two after the meeting of the board, the application was communicated either in writing or verbally to the president; the president asked the board whether the application for renewal should be acceded to; this generally produced a discussion as to the propriety and expediency of the measure. After this was gone through with, the president in all cases where I was present, took the sense of the board, whether such notes should be renewed, and for such amount as was then mentioned. It appears that on the 5th January, 1828, there was a note for \$20,000 so renewed; on the 2d February there were two notes, for \$40,000 each, renewed; on the 26th March there was a note of \$40,000 payable, of which \$20,000 was renewed. On 2d April there was \$10,000 renewed towards the payment of a \$20,000 note; on the 12th April there was \$20,000 renewed towards the payment of a note of \$40,000; on the 18th June a note was renewed for \$20,000.

My impression is, that those notes, when so renewed, were at a discount of six per cent. under the same security as when originally given, when they were done at five per cent. A great portion, or all of those notes, were, I believe, discounted by the president, under the sanction and authority of the board.

Q What do you know respecting a note of \$13,900 discounted on the 16th July, 1828, for the accommodation of Mr. Ralston?

A I believe Mr. Mathew Ralston purchased a bill of exchange from this bank, under the authority of a committee who had the direction of selling bills of exchange. I think this sale was made to Mr. Ralston, on the 14th or 15th of July, 1828. I am not aware what arrangement was made for the payment of the bill, or whether any arrangement was made; but he offered in payment a note drawn by a gentleman who had been a long time absent from this country, and who had lately returned, and as public fame said, with a good deal of wealth. The note I considered perfectly safe, independent of any responsibility of the endorser. This note, or a memorandum of the note, I think, came before the board. This

note was discounted, whether by the president, or whether regularly by the board, I would not undertake to say, but it appeared to be the understanding of the board that it should be done. There was one day more charged on the note than if it had been for money, in order to compensate for the non-payment of the bill, which was due the day previous.

Q. What, in your judgment, has been the conduct of the president since you have been a director? Has he been attentive, zealous, and industrious? Has he conducted the business of the board with impartiality, and with due respect to the opinions of individual directors?

A. I have been a director for about sixteen or seventeen years, perhaps. I came into the institution after the president occupied the station he now does. Since I have known him in this station, I have ever found him attentive and zealous for the interest of this institution. We have often differed in opinion in minor matters, with regard to paper that was offered to be discounted. In many instances he persisted, and in others he has acquiesced; but I have always had an opinion that he was governed by the purest motives in what was right for the interest of the bank. If he has ever shown any partiality, it has been to those who opposed him the most in regard to discounts. It is not, then, to those who have generally gone with him. I believe his general conduct is good, by a conviction of acting correctly towards this institution, without any bias or favoritism. It has been a rule with him, I believe, to pay due deference to the opinion of every director; where there is a division of sentiment he has regularly taken the sense of the board, and decided as circumstances might so direct.

Q. What is your opinion of the conduct of the cashier of this bank, since he has been in office? Has he manifested zeal, industry, ability and fidelity, in executing his duties; and what has been his deportment at the board?

A. My opinion has ever been, that the cashier has been a faithful, zealous and efficient officer. He has had much to do with this institution. He has performed those duties with a great deal of promptness, and in my opinion, with great zeal and fidelity towards the institution. His deportment at the board has been that of a gentleman, and if he has ever manifested any excitement, it was provoked in a manner that no gentleman ought to submit to,

Tobias Wagner, a director, sworn.

Q. What was your opinion respecting the taking of the state loan, of 1828, by the bank; was it in your opinion advantageous both to the bank and state, or either?

A. In my opinion the late loan was mutually advantageous to the state and bank. I was in favour of it, because I considered by the bank taking a part of the loan, the value of the large amount previously held by the bank would not be depreciated in the market.

The bank by arrangement in the sale of stocks in England would be able to open a new market for the sale of it. I took \$25,000 of the stock.

Q What in your opinion has generally been the cause of the board rejecting paper offered for discount within the last year? And when the bank could not with safety discount all that was offered, was there in the amount discounted, any favoritism to brokers or others?

A I think it arose from various causes; the first cause, the inability of the bank at all times to discount the whole amount of the sums offered on one day. Another cause when the balances due other banks are larger, as has occasionally been the case; great danger of heavy drafts of specie from New York, or for shipment to parts of Europe.

When there was more offered than could be done by the board, as equitable distribution of the income as could be made, was made without any favoritism. From my experience in this board, of not quite a year, it is my impression there are no favors shown to brokers; on the contrary, I think they are not favorites of this board.

Q Do you understand that inability to discount all the paper offered was confined to the bank of Pennsylvania, or was that inability general among the banks in the city at those times of pressure?

A I have understood that in times of pressure, other banks have been obliged to reject large sums of the best business paper, and that on the average, I think the bank of Pennsylvania has accommodated its customers about as well as most other banks.

Q What in your opinion would have been the effect of selling the state stock held by this bank, at public auction last fall? Has the publicity given to a desire on the part of the bank, to dispose of a part of the state stock held by it, been favourable to the sale of it?

A As I was a holder of a part of the loan, I attended to the market with some attention, without any intention of selling. I intended my money as a permanent investment. When Mr. Sullivan's imprudent resolution, as I considered it, to sell a large amount I think \$500,000 at public auction was made at this board, and a very feverish anxiety manifested on the part of a very few members of the board, to dispose of the state stock held by the bank, and the knowledge that the bank was a large holder, and the desire to sell having by some means become public, I think these circumstances had a tendency to keep the market in a depressed state.

Q Did you understand at the time the loan was offered for, it was to be a monopoly or was it not known, that the bank would permit any one who wished to take a part of it with her?

A I never considered the taking the loan a monopoly, it was as publicly announced in the papers, that proposals would be received at Harrisburg, as such offers usually are.

I never understood that the bank ever refused any individual to participate if they applied.

I considered the whole community had the same opportunity that the bank had, of taking any part they pleased.

Q Does the president conduct the business of the board, with impartiality and with a due respect for the wishes of individual members? And has he manifested industry, zeal and ability in his office?

A I believe the president has, and done it with great courtesy.

Q What in your judgment, has been the conduct of the cashier? Has he executed his duties with ability and fidelity?

A I believe he has, and always ready to give that information, when it is essential to the operations of the board.

The president offers the following explanation in writing in relation to the alteration of the income of the bank, as given in evidence.

The statement of income, in the book of totals, for May 25, 1825, appears to have been altered. By whose direction it was altered does not appear. The fact in relation to the income of that day, appears to be:

On the 22d February, 1825, Nevins and Townsend's note for \$33,000 dollars was discounted by the stock committee; upon a deposit of 300 United States bank shares, payable three months after date, under a written agreement, that should the said Nevins and Townsend signify to the cashier in writing, five days before the said note becomes payable, their wish to renew the same for ninety days; and pay the discount at the rate of five per cent. per annum; then the bank was bound to renew the note for ninety days. The note came due on the 25th May, 1825, before which time, by their letter of 14th May, 1825, the drawers had informed the bank of their wish to have the note renewed for ninety days, according to the contract; and in their letter of 21st May, the new note was received for the purpose; and the same was renewed on the 25th of May, 1825. Of course there was no income to be derived, from the note of \$33,000 renewed; but it was placed on the same basis as if the note had been originally taken at 6 months.

Joseph P. Norris, president, examined.

Q Have you carefully observed the conduct of the cashier? And has he, or has he not, at all times since he has been in the office, been industrious, zealous and faithful in performing his duties?

A I have paid great attention to the conduct of the cashier. I have gone over the institution constantly. I have paid great

attention to the correspondence of the institution. When the cashier was away, all the letters addressed to him have been opened by me. I have never seen any thing to excite my suspicions in any way whatever, but that he was an industrious, zealous and faithful officer of the institution. He is here between 7 and 8 in the morning at this season of the year, and I believe don't leave it till candle light, except to go to dinner. I would wish to mention some facts. When he has been away, and the letters addressed to him have come to me, in two instances, I recollect in which bills were transmitted to him; that after having them collected, I could not say to what account they ought to go, and accordingly put the money in the letter, and put them into my drawer until his return.

January 15.

I recollect an instance of the cashier coming into this room to me with an open letter addressed to him as cashier, containing a bill or draft, the object of which was not sufficiently explained so as to place it to any specific account, he asked me, "Mr. Norris, what shall I do with this?" My reply was, "You can only retain it until you receive further directions or orders, which I suppose in a post or two you will receive."

January 15, 1829.

Joseph P. Norris, Esq. president.

Question by committee of the legislature.

What amount has been loaned to persons called *brokers* within the last two years?

A. The total amount of notes discounted by this bank for persons called brokers in 1827 and 1828, on personal security, was \$273,886, on security of stock \$473,324.

Question by committee of the legislature.

What amount of *accommodation* and what amount of *business* paper has the bank at this time discounted?

[Answer in writing in appendix.]

January 16, 1829.

Committee met.

The president laid the books before the committee for the purpose of showing how the business of the bank is conducted.

The president of the bank laid before the committee of the legislature a communication dated 15th January, 1829. (see appendix.) A communication from the president, (see appendix.)

Adjourned to meet at Harrisburg, on Monday 19th January, at 3 o'clock, P. M.

